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# Pensions & Investment Age


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*Eyes investment banking*

## GECC aims high with GEVEST sub

By Pavan Sahgal

STAMFORD, Conn. — General Electric Co., through its General Electric Credit Corp., is aiming for a share of the investment banking business with a new arm called GEVEST.

The firm's top officials also are evaluating build-or-buy decisions in the context of developing a broader financial services business, and chances are the company might buy an investment bank.

**Corporate finance**

The moves at GECC make General Electric one of the first industrial companies to establish a firm foothold in the popular financial services industry. American Can Co. also is moving in that direction.

GECC executives are betting on client relationships in the commercial and industrial finance business to swing some investment banking business their way.

For instance, GECC recently provided leasing facilities to a large cement manufacturer with which company executives had a strong relationship.

"We were not a registered broker-dealer, we did not have the requisite facilities to provide underwritings when the same customer wanted to go out in the long-term borrowing market," recalls Norman P. Blake, GECC's executive vice president.

In another instance, a manufacturing firm with sales in excess of $1 billion set up a plant and GECC helped structure the complex, tax-oriented leasing deal.

"It was a very large investment," said Mr. Blake. "We were dealing with the highest echelons of management and the chief financial officer. Had we been in the investment banking world ... we could have assisted them in other ways in terms of their own debt underwriting and the like."

GECC's bid would make it an entire market channel; no other financial services company at-

*Continued on page 43*

*Hopes for 'prudent deregulation'*

## Jeffrey Clayton to resign as pension administrator

By Joel Chernoff

WASHINGTON — Jeffrey N. Clayton is resigning as the top Department of Labor official on pensions Sept. 14.

Mr. Clayton, who made his decision primarily for family reasons, will become a partner with Greene, Callister & Nebeker in Salt Lake City, and will specialize in pension and corporate law.

After nearly two years as administrator of the pension and welfare benefit programs, Mr. Clayton hopes he left an imprint of "prudent deregulation" on the pension program.

But he is concerned that biases within the Labor Department will work against the independence and strength the program needs to continue the job. Given the tremendous growth of pension assets, he also fears the door will be open for both corporate and union misuse of plan assets.

In an interview with *Pensions & Investment Age*, Mr. Clayton discussed the successes and failures of his tenure, his concerns for the pension program and threats that could erode the private pension system.

Mr. Clayton was appointed U.S. pension administrator in November 1981 after a short stint in another Labor Department post under then-Assistant Secretary Donald L. Dotson.

Ironically, Mr. Dotson, who supported Mr. Clayton's appointment, reportedly later became one of his greatest adversaries. According to sources, Mr. Dotson and his assistant, Acting Assistant Secretary Ronald St. Cyr, often blocked Mr. Clayton's efforts in an apparent attempt to make him quit (P&I Age, June 13).

Mr. Dotson is now chairman of the National Labor Relations Board. Sources say an organizational study that has been sitting in draft form and largely shaped by Mr. St. Cyr would greatly pare back the pension program and diminish the administrator's position to a civil service post.

The concern among pension experts now is that the study might be made final without a strong administrator to defend the pension program's interests. No word was

*Jeffrey Clayton: "No one is really asking the important questions"*

available as to who the department is considering to succeed Mr. Clayton.

"The available choices send shivers up my spine," said one congressional aide.

Pension experts generally praised Mr. Clayton's performance

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## *FNB Chicago bid for ANB stirs industry speculation*

By Kimberly Blanton

CHICAGO — First Chicago Corp.'s proposed acquisition of American National Bank & Trust Co. could have dramatic implications for investment services at these two major Chicago banks.

A scenario industry observers have cited most is one in which American National's trust department would be combined with First National Bank of Chicago's investment group.

Two months before announcing the planned acquisition, First Chicago Corp., the bank holding company, had applied to the comptroller of the currency for approval to set up a separate investment subsidiary. That application was made during a realignment of First Chicago's trust and investment services area (*Pensions & Investment Age*, March 21).

*FNB's Brinson: Is marketing American National's product down the road?*

Combined tax-exempt assets of the two banks are $10.7 billion, divided roughly evenly between the two.

Whether the trust department at American National Bank will be merged with FNB Chicago's investment division is purely speculative, however.

On Aug. 9, Walter E. Heller International, American National's parent, and First Chicago agreed in intent to the acquisition for $275

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## *Proposal may hit ratings*

### Corporations fear impact of FASB fund liability proposal

By Richard J. Gillespie

NEW YORK — At least 8% of the respondents in a survey of the nation's Fortune 1,000 corporations fear their credit ratings would be affected adversely if pension fund liabilities are put on the balance sheet.

The study was conducted by the National Association of Accountants to discover what would happen if the Financial Accounting Standards Board is successful in its bid to recognize pension fund financials on the balance sheet.

Results of the survey indicated at least 40% of the largest 1,000 corporations would inherit pension fund liabilities as a result of the way in which the FASB wants corporations to calculate pension fund obligations.

Forty-three percent of the chief financial executives who responded said they would come up with a net asset after performing the complex computations required by the proposal. About 17% of the respondents were unwilling to project the bottom-line impact of the proposal.

According to the survey, 8% of the Fortune 1,000 corporations would show a pension fund liability of $50 million or more on the balance sheet if the FASB gets its way. That prospect has some chief financial officers worried about the damage these liabilities will do to their corporate credit ratings.

About 8% of the respondents believed their credit ratings would be affected adversely, and 12% of the respondents said they probably would have to renegotiate their corporate loan agreements to prevent a technical default.

A spokesman at the National Association of Accountants indicated the survey had uncovered an immense groundswell of opposition among the corporate community to the FASB's proposal.

But the FASB itself was not surprised at the results.

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## Late news

### *2 choose venture cap*

MIDLAND, Mich. — Burroughs Corp. and the W.K. Kellogg Foundation are the newest investors in the Michigan Investment Fund L.P., a venture capital limited partnership that promotes small companies in Michigan.

Together, the tax-exempt investors agreed to invest $1.75 million, bringing the fund's commitments to $21.75 million, according to a spokesman for Doan Associates, the fund manager.

The fund will close at $30 million.

Neither company could be reached to confirm the investment.

Other investors in the venture capital fund include the Charles Stewart Mott Foundation and the Michigan State Employees Retirement Systems.

### *PBGC sets 9.5% rate*

WASHINGTON — The Pension Benefit Guaranty Corp. has raised the interest rate for valuing immediate annuities for plans terminating on or after Sept. 1 to 9.5% from 9.25%. It marks the first rate increase after steady drops from a high of 11% more than a year ago.

### *Sun Electric filing*

CRYSTAL LAKE, Ill. — Sun Electric Corp. has filed with the Securities and Exchange Commission to sell 63,000 shares of Sun Electric common stock that were

*Continued on page 2*

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BASHINGTON DC 20014

### Raises maximum allocations

# New law eases restrictions on N.Y. fund investments

By Ivy Schmerken

ALBANY, N.Y. — A law signed by Gov. Mario Cuomo expands investment limits for seven New York public pension funds totaling more than $45 billion.

The law raises the maximum investment in common stocks a fund can make in one year to 15% of assets from 8%. The law permits any fund to invest a maximum of 15% to 20% in stocks in any one year if the average invested in stocks in all prior years does not exceed 15% and if the aggregate doesn't exceed 40%. Maximum stock holdings overall for the funds remain at 40%.

It also raises the maximum investment in the stocks of any one corporation to 5% from 3%.

Moreover, the law extends the authority of trustees to apply a "prudent person standard" to investments made under a basket clause and adds that, whenever possible, these investments should benefit the "overall economic health of the state."

The basket clause, approved last year, allows the funds to invest up to 5% of their assets in types of investments not specified by law. According to state Assemblyman Arthur J. Kremmer, chairman of the Ways and Means Committee and the sponsor of the bill in the Assembly, no specifics were mentioned yet on the types of investments.

But State Comptroller Ned Regan, announcing the law with the governor, mentioned leveraged buyouts and venture capital as possibilities.

The law expands the investment discretion of Mr. Regan, who is sole trustee of the $20 billion New York State Common Retirement Fund. According to Mr. Kremmer, the key issue in New York pension law reform will be the creation of a board of trustees to share this power with Mr. Regan. Mr. Kremmer sponsored such a bill, which was approved in the Assembly but not in the New York Senate.

Besides the Common Retirement Fund, the pension funds affected and their assets are: New York State Teachers' Retirement System, $10.1 billion; New York City Employees Retirement System, $7.3 billion; New York City Teachers Retirement System, $6.1 billion; New York City Policemen's Retirement System, $2.6 billion; New York City Firemen's Retirement System, $800 million; and New York City Board of Education Retirement System, $300 million. ■

# Mortgage program caught in NYC dispute

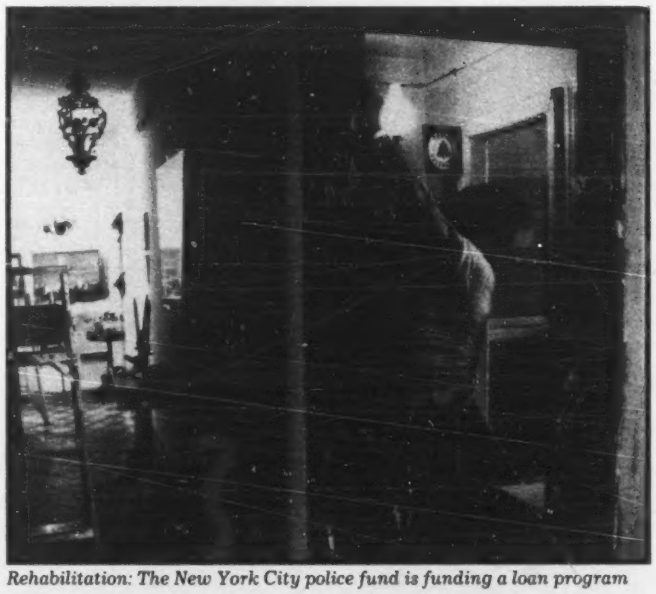
By Mark Westerbeck

NEW YORK — Politics has made a controversy of a $50 million social investment announced this month by the New York City Police Pension Fund, but not over its potential for success.

The police fund's program, which will provide loans to rehabilitate about 5,000 apartments in deteriorating buildings, is one of a series of targeted housing investments undertaken by city employee pension funds (*Pensions & Investment Age*, Aug. 8).

It apparently is the most ambitious of the programs, and is the first time public pension money will be used to rehabilitate multifamily homes with the aim of stabilizing older urban neighborhoods.

The investment turned into a political football when key city and union officials perceived an attempt by City Comptroller Harrison J. Goldin to take some of the credit for the program designed to help moderate- and low-income residents. Chafing at the image issue, Mayor Edward Koch and City Council President Carol Bellamy protested that they, too, are concerned with improving the living conditions in deteriorating neighborhoods.



*Rehabilitation: The New York City police fund is funding a loan program*

"I hope it's a tempest in a teapot," said Michael D. Lappin, president of the Community Preservation Corp., a consortium of 31 city banks that's coordinating this and other rehabilitation projects.

CPC was caught in the dispute when two trustees of the New York City Employees Retirement System, the largest of the five city funds, claimed Mr. Goldin directed the program away from them to

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## Late news

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contributed to its $12.2 million pension fund July 12. The filing will enable the firm to sell the shares at an opportune time, but no plans have been made to do so, said H. Allan Stark, vice president.

On Aug. 11, the date of the SEC filing, the share price had declined about 14%, to $13.75 per share from its $16 value upon contribution. Sun stock is traded on the New York Stock Exchange.

### New payment system

WASHINGTON — Most federal agencies will switch to making payments of more than $25,000 electronically on Oct. 1, according to Don Skiles, a project manager with the Department of the Treasury.

On that date, 117 different federal agencies are scheduled to begin paying through the Treasury Financial Communications System, a computer-to-computer link between the Treasury and FedWire. However, the Department of Defense will not be switching until April or June, said Mr. Skiles.

The Treasury's electronic fund transfer program is part of the official response to the Prompt Payment Act, which requires that agencies pay bills on time or pay interest penalties.

The General Office of Accounting reported in 1978 that the government could save $250 million annually by not paying its bills early. Now, about half its bills are late and half early, according to Mr. Skiles. "We tend to fall on both sides of the due date, but not so much in the middle," he commented.

The Treasury expects to make about 130,000 payments next year through the 117 agencies involved — a total of about $20 billion in disbursements.

A similar program is being developed whereby the Treasury will switch to electronic disbursing on payments of less than $25,000, but this would be done through the automated clearinghouse, an electronic payments network operated among banks.

An ACH pilot program is expected to go forward during the 1984 fiscal year, which begins Oct. 1, 1983, according to Mr. Skiles.

### DOL suit seeks assets

LOS ANGELES — The Department of Labor has filed suit seeking to recover more than $1.5 million for the Western Conference Benefit Trust, a welfare benefit plan for Teamsters Local 911 in Los Angeles. The suit alleges that Matt McCusker, former plan administrator, illegally used plan assets by transferring $542,000 to his own account, and made illegal payments to numerous persons, including members of his family.

### Citicare fund started

NEW YORK — Citibank will offer Citicare, an emerging growth health-care fund, to foreign pension funds starting in October.

Citibank's investment division was hired by a subsidiary, Citibank Ltd., Jersey, Channel Islands, to manage the fund.

The new fund is structured as an open-end investment company, patterned after a health-care fund started by Citibank earlier this year for U.S.-based institutional investors. This fund focuses on small U.S.-owned health-care companies, and is targeted for foreign pension funds because the same opportunities are not available for investment in Europe because of socialized medicine, according to Citibank officials.

### Offshore firm formed

NEW YORK — Rothschild Inc. formed an offshore venture capital company, Arrow Ventures N.V., with initial capital of $59.5 million. Rothschild Inc., New York, will act as investment adviser to Arrow Ventures which is registered in the Netherlands Antilles.

Archie J. McGill, formerly president of American Bell's Advanced Information Systems division at American Telephone & Telegraph, will manage the portfolio of diversified U.S. venture capital and special situations securities. Mr. McGill recently joined Rothschild Ventures Inc. as president of the venture capital subsidiary. The firm manages approximately $275 million in the venture capital area.

### Lotsoff in partnership

CHICAGO — S.N. Lotsoff & Associates Inc. has formed a partnership with NWNL Investment Services Corp., Minneapolis, said Seymour Lotsoff. The new venture, named Lotsoff Capital Management, primarily will employ financial futures for contingent immunization of pension funds' bond portfolios. Mr. Lotsoff will continue to provide futures consulting to corporate clients. Prior to consulting, Mr. Lotsoff managed futures for Sears Investment Management Co.

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# University Analytics buys Phoenix-Hecht

By Richard J. Gillespie

CHICAGO — Phoenix-Hecht Inc., a leading cash management consultant, has been acquired by University Analytics Inc., a consulting firm based in Durham, N.C., for an undisclosed sum.

**Cash management**

The new outfit will have a virtual monopoly in advising consultants on corporate collection and disbursement studies, according to sources.

Although Phoenix-Hecht will retain its name for now, it is believed the two companies eventually will be consolidated into a single unit.

"It's a perfect synergy," said Larry Marx, who resigned from Phoenix-Hecht earlier this year to set up his own firm, Oak Financial, and who now has returned to Phoenix-Hecht as chief operating officer.

The two companies originally worked together, he explained. Phoenix-Hecht would supply University Analytics with raw data on mail times that it collected by sending out literally millions of empty envelopes. UAI used the data in computer models it ran for corporate collection and disbursement studies.

More recently, the relationship had faltered. On leaving Phoenix-Hecht, Mr. Marx launched his own product, called The Postal Survey. Banks engaged in corporate cash management studies and using UAI's Duke Model would be given a choice between Oak Financial or Phoenix-Hecht mail time and clearing data.

Recently, Phoenix-Hecht and

*Continued on page 41*

*First liquidation of realty pool*

# Coldwell Banker winds up commingled fund liquidation

**By Mark Westerbeck**

NEW YORK — Coldwell Banker has successfully completed the first liquidation of a commingled real estate fund.

The $19 million invested by nine tax-exempt accounts in 1972 in Fund I has grown to an estimated $105 million in 1983, according to a Coldwell spokesman.

The cost of a 1972 dollar has gone up 2½ times, while the fund's value has grown more than five times.

Investors in Coldwell Fund I were the International Brotherhood of Teamsters; Aetna; the First National Bank of Minneapolis' trust department; Dow Chemical; the National Automobile Dealers Association retirement trust; Penn Mutual Life Insurance Co.; Armco Steel Corp.; Stauffer Chemical; and Atlantic Richfield.

The Coldwell fund, a limited partnership, had about a 16.8% compound annual rate of return during its life, according to figures released regularly by evaluating services. Also, Coldwell reported annually the value of its properties, and the value stated in the most recent report is very close to the sales prices to which Coldwell is agreeing, the fund's managers say.

*The cost of a 1972 dollar has gone up 2½ times; the fund's value has grown more than five times*

All the value numbers have been provided through Coldwell's appraisers, said Coldwell Vice President James G. Nugent.

This accuracy is important to Mr. Nugent as he pitches the veracity of the appraisals in a marketplace that's skeptical about Coldwell commingled funds using Coldwell appraisers.

"The liquidation process is the successful culmination of Coldwell Banker's efforts in this area since it pioneered the industry at a time when few others had perceived the need and the opportunity," he said.

"The issues of performance can now be analyzed based on results

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# PBGC data show reversions brought firms $443 million

**By Joel Chernoff**

WASHINGTON — One hundred four U.S. companies have recaptured $443 million from the termination of 114 pension plans since the start of 1980, according to statistics compiled by the Pension Benefit Guaranty Corp.

Not included in the list, however, are a number of major terminations that are pending or in litigation. If these are included, the committee estimates total reversions to plan sponsors will reach about $1.2 billion.

The termination list was compiled by the PBGC at the request of the House Select Committee on Aging, which is chaired by Rep. Edward R. Roybal, D-Calif.

The largest reversion of assets on the list involved a recapture of $58 million by M.W. Kellogg Co., a unit of the Signal Cos., La Jolla, Calif.

According to a Kellogg officer, the plan terminated actually was one sponsored by Pullman Inc., Kellogg's former owner. That plan no longer was needed when Wheelabrator-Frye Inc. purchased the now-disbanded railroad-car maker in 1980. It was replaced by an identical plan; Wheelabrator-Frye subsequently was bought by the Signal Cos. last year.

Other substantial reversions include Western Air Lines Inc.'s recapture of $28.8 million from the termination of two plans; Timex Corp.'s gain of $21.4 million from three plans; Houdaille Industries Inc.'s $21.3 million reversion from two plans; and Continental Air Lines Inc.'s recapture of $19.6 million from one of its plans and an additional $2.1 million from termination of its Texas International Airlines unit plan.

Reversions occur if a company

*Continued on page 42*

# Investment-staff bill vetoed in California

*Funds' problems left unresolved*

**By Steve Hemmerick**

SACRAMENTO, Calif. — California Gov. George Deukmejian has vetoed a bill that was supposed to end serious understaffing of investment workers for the state's two largest pension funds.

It's now uncertain how or if the $10 billion in the California State Teachers' Retirement System will be pulled back in-house by the end of the year as had been hoped. In addition, the $19.6 billion California Public Employees' Retirement System is still without a permanent chief investment officer five months after its former chief left.

State Assemblyman Louis Papan, who authored the bill, said the veto was a demonstration of either Gov. Deukmejian's "ignorance" or "callous insensitivity."

The bill, AB 723, would have given the pension fund trustees more autonomy and the right to increase salaries for in-house investment personnel. The current top salary is $52,000 a year.

Some observers expressed surprise at the veto because the bill had won bipartisan support and was approved, 27-0, by the California Senate. Stephen Gavin, chairman of the teachers' investment committee, said he was very disappointed by the veto.

Larry Stirling, a Republican assemblyman from San Diego with expertise on pension matters, told *Pensions & Investment Age* he had "urged (the governor) not to do it."

Marcie Arvin, an economist and consultant to the joint legislative study committee on pension investments, said the veto was "really shocking" and suggested the governor was "playing with fire."

In his veto message, Gov. Deukmejian said, "I seriously question provisions of this bill which remove budgetary and personnel oversight from the executive and legislative branches of state government."

The governor's blue ribbon commission on pension matters is expected to make public shortly its views on the state's pension investment problems. Even so, Mr. Papan, who is chairman of the Assembly Rules Committee, criticized the governor's study, saying, "You can be assured that if the governor faced the personal liability for breach of a fiduciary duty, he would not be jeopardizing the systems as he now does."

This June, facing a July 1 split from the public employees' investment staff, trustees of the teachers' system within a few days placed its $10 billion in assets with outside managers for the first time (*Pensions & Investment Age*, July 11). One outside consultant said he had never before seen in-house money moved to outside managers "in such a short time period."

But until the last few days, some of the trustees believed there would be an agreement between the governor and Legislature to allow the public employees' fund staff to continue managing the teachers' money in-house as it had in the past.

That agreement never came about, and the trustees rushed to

*Continued on page 42*

*Choice of MCA, Disney*

# Scudder's style puts short-term on center stage

**By Steve Hemmerick**

BURBANK, Calif. — "E.T. The Extra-Terrestrial" has brought home a lot of cash to a lot of people — especially MCA Inc., owner of Universal Studios.

Largely as a result of its sci-fi blockbuster, MCA Inc. increased up to $400 million the amount of its cash and short-term investments with its corporate cash manager, Scudder, Stevens & Clark.

The firm has attracted accounts from other studios, as well. At one point, Walt Disney Productions had about $300 million in a short-term account with Scudder, before its cash needs resulted in Disney going to Europe and Japan for additional financing.

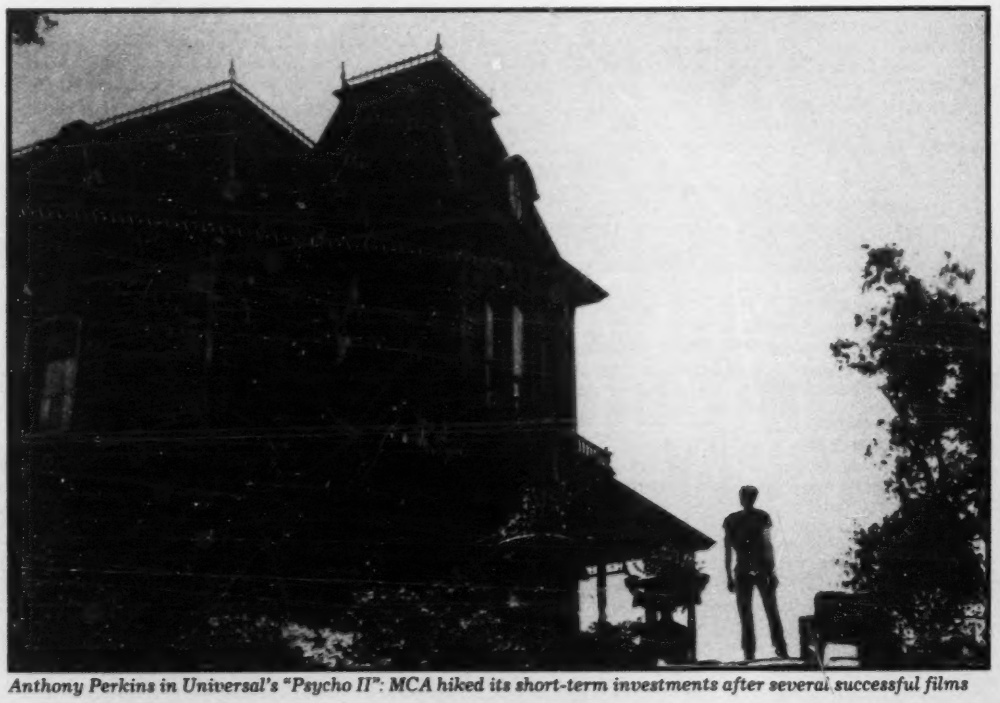
Both entertainment companies are using a style of short-term investment management that is expected to become popular among pension fund managers.

Joan Payden, director of the Scudder asset group in Los Angeles, and her associate director Sandra Rygel, are so convinced of the prospects of their style of short-term investment, that they resigned from Scudder August 15 to open their own Los Angeles firm, to be called Payden & Rygel.

Basically, while at Scudder they have taken an "intense" approach to short-term investment, applying the same kind of care and work to short-term money that is given to actively managed, longer-term accounts. Ms. Payden says some banks have given relatively short shrift to short-term money, emphasizing collection over investment.

She said the situation is changing, however, and Scudder is getting more competition from investment bankers and banks like Chemical Bank. But she adds, there "is enough money out there for everyone."

Investment of short-term cash has played a more important role at MCA than it has at some other companies. From 1978 to 1981, MCA had about $200 million in cash and short-term investments. By the end of 1982, that figure had risen to more than $400 million.



*Anthony Perkins in Universal's "Psycho II": MCA hiked its short-term investments after several successful films*

According to Harold M. Haas, treasurer at MCA, much of the increase in cash came as a result of the success of "E.T." According to the trade newspaper, Variety, "E.T." is the all-time leading film at the box office, grossing about $356 million.

" 'E.T.' added a lot," said Mr. Haas.

He said about 95% of the money placed with Scudder is in Treasuries. "We are very interested in security," he said.

"Sometimes a corporation doesn't want to take any quality risk," said Ms. Payden. "They take enough in their business."

And there is risk in one of MCA's key products, films. It will release more than 20 films this year, but MCA tells its shareholders that revenue derived from a film is a result of the commercial acceptance by the public, and cannot be projected on the basis of production costs.

While there are no certainties

*Continued on page 40*

# Terminations . . .

*Continued from page 3*
terminates a plan and has assets in excess of the amount needed to pay out all accrued benefits, and if plan documents allow the company to take back the excess.

Of the 104 companies on the PBGC list, 50 gained reversions of $2 million or more, totaling $367 million.

The list does not include terminations that are pending or in litigation. Among these are some of the largest reversions of excess assets, such as Occidental Petroleum Corp.'s expected recapture of $400 million from the termination of three of its plans and one plan of recently acquired Cities Service Co., and the Great Atlantic & Pacific Tea Co.'s recapture of $200 million from its plan termination.

Other large reversions not cited include Stroh Brewery Co., $81 million; GAF Corp., $40 million; Dan River Inc., $10 million; Graniteville Co., $25 million to $30 million; AM International, $65 million; and AMAX Inc., $100 million to $130 million.

In a letter to *Pensions & Investment Age*, Rep. Roybal wrote, "This and other information being compiled by the Committee seem to confirm our concern that there has been a marked acceleration of the termination of so-called 'overfunded' defined benefit plans which enable corporate plan sponsors to recover the 'excess assets' of these plans."

The reaction from pension experts has been one of surprise: "I didn't know there were so many" is a standard response.

In large part, the terminations of overfunded plans appear to a by-product of the recession.

One executive explained the reversion meant the difference between recording a profit and a loss for the year. His company also was able to take advantage of an accounting trick no longer available: the firm recorded the gain immediately, instead of amortizing it, even though the firm started new defined benefit and defined contribution plans immediately.

Terminations occurred in numerous industries that have been troubled during the rough economic period.

Banking industry reversions, for example, include $12 million by Bank of the Commonwealth, $4.1 million by Union Planters National Bank, $3 million by Security-Peoples Trust Co., and $2.3 million by Central Bank of Denver.

Other industries where several plan terminations involving reversions occurred include transportation and construction.

Some plan terminations took place where the original sponsor was taken over through a merger. For example, a $12.3 million reversion resulted from the termination of Lane Bryant Inc., New York. The women's apparel manufacturer had been merged into Limited Stores Inc., a Columbus, Ohio, firm.

Also, the fast-food chain Gino's Inc. was purchased by Marriott Corp.; the termination of Gino's plan yielded $4.6 million for its new owner.

Other terminations appear to have occurred either to ease the debt burden taken on in a merger, such as the Occidental/Cities Service terminations, or to prevent loss of management control, as employees allege was the motive behind the Harper & Row Publishers Inc. termination. The excess assets, listed at $10.2 million by the PBGC, were used to help buy one-third of the company's stock from the Minneapolis Star & Tribune Co. The stock then was contributed to a new employee stock ownership plan. Those actions are being litigated.

In a somewhat different situation, Swank Inc., an Attleboro, Mass., jewelry firm, set up a leveraged ESOP. With the proceeds of a stock sale to the ESOP, the firm retired an $8 million loan it had taken out to buy a large chunk of its stock. More Swank stock was purchased by the ESOP with the $7.5 million in excess assets from the termination of its plan for salaried employees.

"There is now better control over our destiny by having defined costs," said Andrew Corsini, Swank treasurer, adding the ESOP might boost workers' performance.

Regardless of the reasons, the sheer volume of terminations might spur congressional action. The House Committee on Aging, which has no lawmaking authority, has tentatively scheduled a hearing on corporate use of plan assets, and particularly terminations of overfunded plans, for Sept. 28. ■

## Terminations of overfunded plans, 1980-1983

*(Reversions of $2 million or more)*

| Company | Reversion |
|---|---|
| M.W. Kellogg Co. | $57,999,000 |
| Western Air Lines, Inc.* | 28,840,377 |
| Timex Corp.** | 21,427,337 |
| Houdaille Industries Inc.* | 21,321,805 |
| Continental Air Lines Inc. | 19,621,717 |
| Questor Corp. | 13,283,180 |
| Lane Bryant Inc. | 12,265,000 |
| Bank of the Commonwealth | 11,989,901 |
| Dentsply International Inc. | 11,315,760 |
| A.G. Becker Inc. | 11,130,292 |
| Harper & Row Publishers Inc. | 10,189,000 |
| Triangle PWC Inc.* | 9,720,239 |
| Chemetron Corp.*** | 9,254,643 |
| F&S Oil Co. | 7,997,930 |
| Swank Inc. | 7,504,743 |
| Bobbie Brooks Inc. | 6,018,000 |
| The Washington Star Co. | 4,928,229 |
| Gino's Inc. | 4,627,363 |
| Butler Manufacturing Co. | 4,562,742 |
| Branch Motor Express Co. | 4,531,914 |
| Equitable General Insurance | 4,473,329 |
| White Stores Inc. | 4,422,439 |
| Buffalo Courier-Express Co.* | 4,294,665 |
| Union Planters National Bank | 4,143,401 |
| Illinois-California Express | 3,996,274 |
| Winston-Salem (N.C.) Savings & Loan | 3,934,365 |
| Butcher & Singer Inc. | 3,506,474 |
| Cook Paint and Varnish Co. | 3,475,096 |
| Crompton & Knowles Corp. | 3,274,216 |
| Sutherland Lumber Co. | 3,216,503 |
| Globe Ticket Co.* | 3,113,296 |
| Gateway Transportation Co. Inc. | 3,067,494 |
| Security-Peoples Trust Co. | 3,000,000 |
| Fischer & Porter Co. | 2,906,810 |
| Buckeye International Inc. | 2,862,958 |
| Bessire & Co. Inc. | 2,847,275 |
| Savings Bank of Puget Sound | 2,670,784 |
| Fedders Corp. | 2,651,000 |
| General Time Corp. | 2,590,000 |
| C.H. Stuart Inc. | 2,481,598 |
| Pelton Casteel Inc. | 2,451,397 |
| Halle Bros. Co. | 2,321,401 |
| Central Bank of Denver | 2,312,923 |
| Emerson Electric Co. | 2,184,449 |
| Texas International Airlines | 2,141,093 |
| IBEC | 2,123,243 |
| Vansant, Dugdale & Co. Inc. | 2,099,187 |
| Gotaas-Larsen Ltd. | 2,092,179 |
| Commonwealth Oil Refining Co. | 2,028,438 |
| Unicon Producing Co. | 2,000,000 |

* Two plans terminated
** Three plans terminated
*** Four plans terminated
Source: Pension Benefit Guaranty Corp.

# California veto . . .

*Continued from page 3*
get the money out, with $8.4 billion in fixed assets going to Manufacturers Hanover Trust Co. Two-thirds of the equities went to Alliance Capital, San Francisco, and the remainder to Trust Co. of the West.

The state treasurer's office is acting as custodian. At the time, it was believed the money would stay outside for only six months while the trustees hired staff.

However, by mid-August there was no resolution of how to get the needed investment personnel with the low salary schedule. Before the veto of the bill, it had been expected the trustees would boost the chief investment officer's salary from $52,000 to $90,000, with a fringe benefit package equal to about 30% of salary.

At the public employees' system, Carl J. Blechinger, executive officer, said the board of trustees for his system "refused to look" for a new chief investment officer until the salary question is resolved. It also has been announced that Mr. Blechinger will retire soon.

The acting chief investment officer for the public employees' fund is Sid McCausland.

However, at the teachers' system, Mr. Gavin said he is going through state processes to hire additional temporary and permanent personnel. Mr. Gavin said the teachers' system now has only one qualified investment person, Richard W. Lambourne, who volunteered to help the retirement system in its current difficulty.

It is Mr. Gavin's hope that another bill by Mr. Papan that would add about $6 million to the retirement systems for personnel and equipment, will be approved. That bill, AB672, is not yet on the governor's desk. ■

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# Directory of consultants

This directory is based on questionnaires received from 72 investment management consultants.

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## a

### Advanced Business Systems Inc.

*S-10 Routes 4 and 17, Paramus, N.J. 07652; (201) 845-5666*

Advanced Business Systems provides performance measurement services, and does not engage in manager evaluation and selection, asset allocation guidance or investment objective setting.

Performance measurement services cover U.S. stocks and bonds, along with performance analysis and diagnosis. The firm also offers complete in-house portfolio accounting and performance analysis computer systems, and user consulting services. It claims special expertise in selection, design and development of in-house investment management and portfolio accounting computer systems.

The firm has six clients on retainer. It has three professional consultants. Fees are paid with hard dollars.

The client contact is Nigel N. Wilson, president.

### Alexander & Alexander HRM Consulting Group

*1185 Avenue of the Americas, New York, N.Y. 10036; (212) 575-8000*

Alexander & Alexander HRM Consulting Group provides development of investment policies and objectives, and guidance in asset allocation. It offers manager evaluation and selection, and performance measurement.

Other services offered include asset and liability planning studies, actuarial services, consulting on plan design and communications, management consulting services, defined contribution and defined benefit record keeping, and benefit statements by Benefacts, a wholly owned subsidiary.

The firm has special expertise in immunization, GIC's and master trust evaluation.

Non-retainer clients number 30.

It has seven professional consultants.

The parent company of the firm is Alexander & Alexander Services Inc., an insurance brokerage and financial services firm.

Investment management services are available through it's wholly owned subsidiary Montag & Caldwell Inc., which manages $330 million in tax-exempt assets.

Fees are paid with hard dollars.

Joseph H. Wilkinson, senior vice president, and Roy S. Good, vice president, are the client contacts.

### Am Cal Co.

*4737 Lankershim Blvd., North Hollywood, Calif. 91602; (213) 763-6206*

Am Cal, a real estate specialist, provides development of investment policies and objectives, and asset allocation guidance.

The firm's services also include real estate investment planning, real estate loan underwriting, and real estate investment feasibility and market studies.

Am Cal has special expertise in real estate investment and advisory services.

Am Cal does not engage in manager evaluation and selection.

It has five clients on retainer and one non-retainer client.

Professional consultants at the firm number four.

Fees are paid in hard dollars.

Retainer clients include Missouri State Employees Retirement System, Hawaii Masons Pension Fund, Development Foundation of Southern California, the Carpenters Pension Trust for Southern California and Pacific Van Lines.

The client contact is James B. McKenna, president.

## b

### Bank of America

*315 Montgomery St., Suite 1610, San Francisco, Calif. 94104; (415) 622-8712*

Bank of America provides development of investment policies and objectives, and asset allocation guidance.

The bank offers manager evaluation and selection, and performance measurement and analysis for domestic investments. It also offers investment performance measurement for foreign investments.

The bank has special expertise in all the services it offers.

The bank also offers investment management services.

Retainer clients number 27. It has three non-retainer clients.

Fees are paid in hard and soft dollars.

There are two professional consultants.

The client contact is Brenda K. Teel, vice president and director of consulting services.

### Beam & Associates

*12813 East Paul, Clovis, Calif. 93612; (209) 299-4152 or (213) 625-1611*

Beam & Associates aids in developing investment policies and objectives, and guides asset allocation. It provides performance measurement and analyses of domestic and foreign investments, and the selection and evaluation of those managers.

It has special expertise in the analysis of the factors responsible for the stated rates of return compared with potential performance.

Beam has 20 retainer clients. Non-retainer clients number five.

The firm has two professional consultants.

Fees are paid with hard and soft dollars.

Clients include Jacobs Engineering, Aviall Inc., and Southern California & Arizona Glaziers.

The client contact is Ed Beam.

### A.G. Becker Inc.

*20 South Clark St., Chicago, Ill. 60603; (312) 630-5488*

A.G. Becker helps to develop investment policies and objectives and offers guidance in the development of appropriate asset allocation. It provides U.S. performance measurement and analysis.

It aids in selecting money managers and master trustees, and provides transaction audit and control service.

It has special expertise in trading costs, offering detailed analysis of an institution's trading efficiency, absolute and relative to other institutions.

Retainer clients with the firm number 1,400. Non-retainer clients number 80.

The firm has 45 professional consultants.

Fees are paid with hard dollars by corporations and with soft dollars by institutions.

The client contact is A.A. Pisterzi.

### Berg Fiduciary Consultants

*19 West 44th St., Suite 1200, New York, N.Y. 10036; (212) 719-3544*

Berg Fiduciary provides development of investment policies and objectives, and asset allocation guidance. It also offers evaluation and selection of domestic and foreign managers, and measurement and analysis of U.S. investment performance.

The firm also provides insurance contract surveys and negotiation, master trustee/custodian evaluation, and accepts designation of fiduciary for retainer clients.

It has expertise in working closely with a retirement committee or board of trustees and aiding in decision areas related to the investment of pension or profit-sharing funds. The firm will make specific recommendations as a professional fiduciary.

The firm has five retainer clients and one non-retainer client. There are two professional consultants. Fees are paid with hard or soft dollars.

Clients include Booz, Allen & Hamilton Inc., Moore McCormack Resources, and the Retail Clerks and Employers Pension Fund.

The client contact is Paul E. Berg, president.

### Alan D. Biller & Associates

*P.O. Box 1414 Palo Alto, Calif. 94302; (415) 328-7283*

Alan D. Biller & Associates provides development of investment policies and objectives, and asset allocation guidance.

It also offers integration of uncertainties about assets and liabilities in a decision procedure based on stochastic optimization. The emphasis is usually on identifying a feasible combination of contribution and asset allocations that meet the sponsor's objective.

The firm does not aid in evaluating and selecting managers.

The firm has five non-retainer clients. It has one professional consultant. Fees are usually paid with hard dollars but can be paid with soft.

The client contact is Alan D. Biller.

### Boston Investment Systems

*149 Pearl St., Boston, Mass. 02110; (617) 451-2152*

Boston Investment Systems provides systems audits of prospective managers and aids in the selection of portfolio accounting and investment related systems.

It has special expertise in portfolio systems and the use of fourth-generation software by investment firms and sponsors.

It has two non-retainer clients.

There are three professional consultants.

Fees are paid with hard or soft dollars.

The client contact is Preston R. Ford.

### The Bradshaw Company

*780 Boylston St., Suite 20J, Boston, Mass. 02199; (617) 267-1499*

The Bradshaw Company provides consulting services for real estate investment only. Those services include the development of investment policies and objectives, asset allocation guidance, selection and evaluation of domestic and foreign managers, and measurement and analysis of domestic and foreign investments.

It specializes in identification and acquisition of specific properties.

The firm has three non-retainer clients.

There is one professional consultant.

The firm offers investment management services.

### Buck Pension Fund Services

*Two Pennsylvania Plaza, New York, N.Y. 10121; (212) 279-4400*

Buck Pension Fund Services is a subsidiary of Buck Consultants Inc., which is an actuarial and benefit consulting firm.

Buck Pension Fund Services provides manager evaluation and selection services, asset allocation guidance and aids in setting investment objectives. The firm tracks the performance of U.S. stocks and bonds, real estate and international investments, and offers performance analysis and diagnosis.

The firm has special expertise in real estate, international investing and GICs.

It has 15 investment clients on retainer, and 35 non-retainer clients. There are five professional consultants in the firm.

Fees are paid with hard and soft dollars.

Clients include the New York State Teachers Retirement System, Consolidated Foods Corp. and Allegheny Power Corp.

The client contact is Catherine Higgins, president.

## c

### Callan Associates Inc.

*Suite 200, San Francisco, Calif. 94107; (415) 974-5060*

Callan Associates offers manager evaluation and selection services, asset allocation guidance and aids in setting investment objectives. It also provides performance measurement of U.S. stocks and bonds, real estate and international investments, and performance analysis and diagnosis.

Other services offered by the firm include consulting on immunized bonds vs. GICs vs. dedicated bonds. The firm assists in placements and strategy and also provides portfolio audits for 180 accounts.

Callan has special expertise in real estate, international investments, venture capital, oil and gas, and mortgages.

The firm has 125 clients on retainer. Non-retainer clients in 1982 numbered 25. The firm has 11 professional consultants.

The firm also sponsors the Callan Investment Institute, a continuing education and research facility for the pension and investment industry.

Fees are paid 30% with hard dollars and 70% with soft dollars.

The client contact is Ronald D. Peyton, president.

### Collins Associates

*567 Nicolas Dr., Suite 302, Newport Beach, Calif. 92660; (714) 644-5771*

Collins Associates provides development of investment policies and objectives, and asset allocation guidance. It also offers domestic and foreign manager selection and evaluation, as well as providing performance measurement and analysis of such investments.

Collins has expertise in teaching corporations to manage retirement funds as profit centers, and to dramatically improve performance without increasing risk.

The firm has 14 retainer clients.

It has five professional consultants, and fees are paid with hard dollars.

Clients include Xerox, Superior Oil and Safeway Stores.

The client contact is Budge Collins.

### Colonial Consulting Corp.

*Suite 420, 610 Fifth Ave. New York, N.Y. 10020; (212) 307-1830*

Colonial Consulting offers manager evaluation and selection, and performance measurement and analysis for domestic and foreign investments.

It also provides development of policies and objectives, and asset allocation guidance, as well as aiding in the the evaluation and selection of master trustee and custodial banks.

Colonial has special expertise in all services offered as they relate to endowments, foundations and corporate retirement plans.

Retainer clients with the firm number 10. It has two professional consultants.

Fees are paid with hard or soft dollars.

Clients include the trustees of the National Board of YMCAs, the Salvation Army (Eastern and Southern Territories), and Virginia Electric & Power.

The client contact is John R. Goodrich, president.

### Computer Directions Advisors Inc.

*11501 Georgia Ave., Silver Spring, Md. 20902; (301) 942-1700*

Computer Directions provides asset allocation guidance, performance measurement of U.S. stocks, bonds and real estate, and performance analysis and diagnosis.

Computer Directions has special expertise in on-line pension services with color graphics. In addition, it provides 38 market indexes and comparative statistics from 1,200 funds.

Also available is a product for the quarterly analysis of sector concentrations for 1,000 money managers.

The firm had 350 non-retainer clients in 1982. There are four professional consultants in the firm.

Fees are paid with hard and soft dollars.

Clients include Allied Chemical, Marriott and the state of Wisconsin.

The client contact is David Cook, vice president-marketing.

### Crocker National Bank

*111 Sutter St., San Francisco, Calif. 94104; (415) 477-7551*

Crocker National Bank provides development of investment policies and objectives, and asset allocation guidance. It also provides pension liability analysis and U.S. and foreign investment performance measurement and analysis. U.S. manager evaluation and selection is offered on a selective basis.

The bank has special expertise in performance measurement and analysis of investment performance, using the TUCS database to create directly comparable/appropriate portfolio "peer groups."

The firm has 13 retainer clients. There are two professional consultants.

Crocker offers investment manage-

ment services through commingled funds and individually managed portfolios.

Fees are paid with hard dollars but a soft dollar option is available.

The client contact is George Berla.

# d

### D.A. Management Consultants Inc.

*16541 Gothard St., Suite 202, Huntington Beach, Calif. 92647; (714) 842-0162*

D.A. Management Consultants provides development of investment policies and objectives.

It does not offer manager evaluation and selection services.

It has special expertise in [illegible] equities and mortgages.

[illegible] investment manager services in real estate.

There are two professional consultants.

Fees are paid with hard dollars.

Clients include the Orange County Retirement System.

The client contact is Daniel M. Ardell.

### Debenham, Tewson & Chinnocks Associates

*450 Park Ave., New York, N.Y. 10022; (212) 758-8218*

Debenham Tewson is the U.S. subsidiary of Debenham, Tewson & Chinnocks, a United Kingdom-based firm. It specializes in real estate consulting for both U.S. and U.K. funds.

The firm also provides performance measurement of real estate and international investments, and performance analysis and diagnosis.

The firm does not offer manager evaluation and selection but does offer asset allocation guidance and aids in setting investment objectives.

Non-retainer clients in 1982 numbered 26. The firm has five professional consultants.

Fees are paid mostly with hard dollars.

The client contact is N. Mark Houslop, partner.

### DeMarche Associates

*P.O. Box 7027, Kansas City, Mo. 64113; (913) 384-4994*

DeMarche offers investment objective setting, asset allocation guidance, and manager evaluation and selection. It provides performance measurement of U.S. stock, bond, real estate and international investments, and performance analysis and diagnosis.

DeMarche has special expertise in real estate, international investing, oil and gas, and GICs.

Other services offered by the firm include three levels of dynamic asset allocation, including specific asset allocation (timing), recommendation by market sector (investment philosophy) and by asset class and traditional long-term static asset ranges.

The firm has 79 investment clients on retainer and had four non-retainer clients in 1982. The firm has six professional consultants.

Fees are paid with hard or soft dollars.

Clients include Southern California Edison, Inland Steel and Levi Strauss.

The client contact is Samual T. DeKinder, executive vice president.

### Dorn & Jhung

*700 Larkspur Landing Circle, Suite 270, Larkspur, Calif. 94939; (415) 461-6262*

Dorn & Jhung provides development of investment policies and objectives, and asset allocation guidance. It also offers analysis of foreign and domestic investment performance as well as foreign and domestic manager selection and evaluation.

Also, the firm offers evaluation and selection of master trustees, performance measurement vendors, and real estate managers.

It has special expertise in optimization of manager structures, and identification and evaluation of investment styles.

It has four retainer clients. There are two professional consultants.

Fees are paid with hard dollars.

Clients include Amfac, East Bay Municipal Utility District, Albertsons, and Fresh International.

The client contacts are Douglas Dorn and Grafton Jhung.

### Dym, Frank & Co.

*1718 22nd St., N.W., Washington, D.C. 20008; (202) 667-5001*

The firm offers asset allocation guidance and investment objective setting, but does not engage in manager evaluation and selection.

Other services offered include investment strategy advisory services, analysis of monetary and fiscal policy, and quantitative research and development projects.

The firm has special expertise in creating computerized investment decision-making systems for management of institutional equity portfolios including stock selection models and market timing models.

It has five investment clients on retainer. There are two professional consultants and several associates.

Fees are paid with both hard and soft dollars.

Clients include Aetna Life & Casualty, Sterling Grace and the American Foreign Service Association.

In addition to its consulting services, the firm manages both tax-exempt and taxable assets.

The client contact is Charles H. Dym.

# e

### Effron Enterprises Inc.

*353 Westchester Ave., Port Chester, N.Y. 10573; (914) 939-0200*

Effron Enterprises provides domestic and foreign performance measurement.

The firm provides an on-line security transaction accounting and reporting system. It also provides customized computer-related services for investment, and financial analysis on its on-line system.

It has special expertise in international investing and convertibles through computerized investment and financial analytical services.

The firm does not engage in manager evaluation and selection.

Fees are paid with both hard and soft dollars.

The client contact is Barry Effron.

### Equitable Pension Investment Consulting

*1285 Avenue of the Americas, New York, N.Y. 10019; (212) 554-8871*

Equitable Pension Investment Consulting provides development of investment policies and objectives, asset allocation guidance, and U.S. investment performance measurement and analysis.

It also offers and specializes in asset/liability planning and manager structure analysis. It does not offer manager evaluation and selection.

Non-retainer clients with the firm number five. There are five professional consultants.

Fees are paid with hard and soft dollars.

It offers investment management services through pooled separate accounts and individually managed portfolios.

The client contact is Frank P.L. Minard, vice president.

### Evaluation Associates Inc.

*25 Sylvan Road South, Westport, Conn. 06880; (203) 226-7864*

Evaluation Associates provides development of investment policies and


# Questionnaire for PROFESSIONAL INVESTORS

1. Do you consider yours to be an important institutional account? ☐ Yes ☐ No

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2. Are you the sort of investment manager who really cares about the quality of executions? ☐ Yes ☐ No

   *Our clients do, which is why they transact increasing amounts of business with us and they see that we deliver on our promise.*

3. Do you believe your account should be accorded a level of attention and service not always the case with your present brokers? ☐ Yes ☐ No

   *Because we, the owners of the business, are actively involved in its growth, management is always available to service our clients.*

4. Are non-U.S. securities ever of interest to you? ☐ Yes ☐ No

   *This is an area of research and trading expertise we offer clients. We are in continuous contact with all markets for both U.S. and foreign securities of institutional interest.*

5. Do you wish firms with whom you deal to make position bids and offers? ☐ Yes ☐ No

   *Part of providing superior executions frequently entails our risking firm capital to facilitate the transaction for our client.*

6. Do you want to deal with a firm used to doing important business? ☐ Yes ☐ No

   *Although we are experienced and do a good job on the 50,000-100,000 share order, we are also accustomed to dealing in much larger sizes. We are experienced in the handling of substantial accumulations and distributions for corporate clients.*

**If you answer the above questions affirmatively, we would appreciate the opportunity of meeting with you for the purpose of describing the services we offer.**

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objectives, and asset allocation guidance. It also offers U.S. and foreign manager evaluation and selection as well as U.S. performance measurement and analysis.

It has special expertise in qualitative evaluation of investment styles and organization.

Retainer clients with the firm number 47.

There are six professional consultants. Fees are paid with hard and soft dollars.

Clients include Gulf Oil, Nabisco Brands, CPC International, Minnesota State Board of Investment and Consolidated Edison.

The client contact is Edward Broom.

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## f

### The Fiduciary Consulting Group of Butcher & Singer

*2200 Pittsburgh National Building, Pittsburgh, Penn. 15222; (412) 471-4700*

Butcher & Singer's Fiduciary Consulting Group offers domestic and foreign manager evaluation and selection, and domestic and foreign performance measurement. However, it offers domestic investment performance analysis, only.

The firm also aids in the development of investment policies and objectives, and asset allocation guidelines.

Services include its Graphical Ranking of Investment Descriptors (G.R.I.D.), a portfolio classification and ranking system.

It specializes in asset mix and manager simulation techniques, implementation and evaluation of salary reduction or 401(k) plans, and the establishment of dedicated and immunized bond portfolios.

The firm has 58 retainer clients. Non-retainer clients number 10. There are 12 professional consultants.

Fees are paid 10% with hard dollars and 90% with soft dollars.

Clients include Binney & Smith, Coopers & Lybrand, the City of Pittsburgh and Wheeling-Pittsburgh Steel.

The client contact is James E. Yanni, senior vice president. The money manager contact is Grant D. Kalson, vice president.

### Gifford Fong Associates

*233 Wilshire Blvd., Suite 303, Santa Monica, Calif. 90401; (213) 393-9891*

Gifford Fong Associates offers asset allocation guidance and investment objective setting. It also provides domestic and foreign performance measurement, analysis and diagnosis. Gifford Fong does not engage in manager evaluation or selection.

It has expertise in fixed-income analysis, including active and passive management, and immunization.

Fees are paid mostly with soft dollars. The firm has 18 professional consultants.

Clients include the state of Connecticut, Republic Steel and the state of California.

The client contact is Gifford Fong, president.

### Fund Monitoring Services

*6 East 45th St., New York, N.Y. 10017; (212) 661-5560*

Fund Monitoring Services offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides domestic and foreign performance measurement, and performance analysis and diagnosis.

Fund Monitoring Services provides software systems for either installation or on-line for accounting and monitoring functions.

Fees are paid with hard and soft dollars. The firm has four professional consultants.

The client contact is Len Greer, president.

## g

### F. Gehm & Associates

*2727 Midtown, Suite 37, Palo Alto, Calif. 94303; (415) 328-6539*

F. Gehm & Associates provides development of investment policies and objectives. It also offers domestic manager evaluation and selection, and domestic performance measurement and analysis.

Other services provided by the firm include new financial products, portfolio strategy, price behavior and especially the use of futures and options.

It has expertise in futures and in the management and reduction of investment risk and cost.

There is one professional consultant.

Fees are paid with hard or soft dollars.

The client contact is Fred Gehm.

### Robert Gentry & Associates Ltd.

*5950 Hopi Station, Scottsdale, Ariz. 85261; (602) 998-8046*

Robert Gentry & Associates provides development of investment policies and objectives, and asset allocation guidance. It provides evaluation and selection of domestic and foreign managers, and U.S. and foreign investment performance measurement. It offers U.S. investment performance analysis.

Other services offered by the firm include risk management and portfolio strategy, multimanager controls, and analysis of factors contributing to performance.

It has 105 clients on retainer. Non-retainer clients number 11.

There are nine professional consultants. Fees are paid with hard and soft dollars.

Clients include the Delaware Employees' Retirement Fund, ICI Americas Pension Fund, the Virginia Supplemental Retirement System, Cardinal International Investments, and the Foundation for the Junior Blind.

The client contact is Robert Gentry.

## h

### Hamilton, Johnston & Co.

*101 Carnegie Center, Princeton, N.J. 08540; (609) 452-0300. Also: 52 Vanderbilt Ave., New York, N.Y. 10017; (212) 682-8680*

Hamilton, Johnston & Co. provides development of investment policies and objectives, and asset allocation guidance. It also offers domestic and foreign manager evaluation and selection, and domestic and foreign investment performance measurement and analysis.

Other services include systems for portfolio record keeping, accounting and performance measurement, and performance measurement data bases.

The firm has 35 retainer clients. Non-retainer clients number five. Clients using the firm's data services number 50.

There are six professional consultants. Fees are paid with hard and soft dollars.

Clients include R.J. Reynolds, Pan American, the state of New York, and the Institute for Advanced Study.

The client contact is James R. Hamilton.

### A.S. Hansen Inc.

*1080 Green Bay Road, Lake Bluff, Ill. 60044; (312) 234-3400*

A.S. Hansen provides development of investment policies and objectives and asset allocation guidance. It offers domestic manager evaluation and selection, and also provides performance measurement in the areas of U.S. stocks, bonds, real estate and international investments. It offers performance analysis and diagnosis.

A.S. Hansen has special expertise in real estate, international investing, venture capital, oil and gas, GICs and portfolio performance analysis. It offers a diagnostic tool to evaluate characteristics of an investment manager's approach to equity and fixed-income management.

The firm also offers employee benefits actuarial determination and employee benefits plan design, communication and administration.

It has eight professional consultants. Fees are paid in cash only.

Clients include Arther Andersen, Illinois Municipal Retirement Fund, Pioneer Corp. and Storage Technology.

The client contact is S.A. Lincoln, director.

### Harris Trust and Savings Bank

*111 West Monroe St., Chicago, Ill. 60690; (312) 469-3747*

Harris Trust provides development of investment policies and objectives, and asset allocation guidance. It provides U.S. manager evaluation, and domestic investment performance measurement and analysis.

The bank also provides defining benchmark or normal portfolios.

It has special expertise in the use of microcomputers for pension analysis purposes, and expertise in customized index funds.

The bank has 12 retainer and seven non-retainer clients.

There are four professional consultants. Fees are paid with hard and soft dollars.

Clients include Air Products and Chemicals, Allis-Chalmers, Delta Air Lines, Kellogg Co. and Owens-Illinois.

Investment management services are offered by the bank.

The client contact is Thomas M. Richards.

### Hazlehurst & Associates Inc.

*600 Gas Light Tower, 235 Peachtree St. N.E., Atlanta, Ga. 30303; (404) 688-0602*

Hazlehurst & Associates provides development of investment policies and objectives, and asset allocation guidance. The firm offers manager evaluation and selection, and provides domestic performance measurement, analysis and diagnosis. It provides performance measurement for real estate and international investments.

Hazlehurst provides actuarial services, plan design/administration and asset/liability forecasting.

The firm has special expertise in real estate, international investing, venture capital, oil and gas, and GICs.

The firm had 25 non-retainer clients in 1982.

It has 10 professional consultants. Fees are paid mostly with hard dollars.

The client contact is James Davies, investment consultant.

### Randall Helms Fiduciary Consultants Inc.

*Suite 9400, Two World Trade Center, New York, N.Y. 10048; (212) 775-1039*

Randall Helms Fiduciary provides development of investment policies and objectives, and asset allocation guidance. It provides U.S. investment performance measurement and analysis. It also provides limited analysis and measurement of foreign investment performance, and limited evaluation and selection of U.S. managers.

The firm provides economic forecasting. It also provides investment management services.

It has 30 retainer clients. There are four professional consultants.

The client contact is James E. Huttan, vice president-marketing.

### Hewitt Associates

*100 Half Day Road, Lincolnshire, Ill. 60015; (312) 295-5000*

Hewitt Associates provides development of investment policies and objectives, and asset allocation guidance. The firm also offers domestic, foreign and real estate manager evaluation and selection. It provides measurement and analysis of U.S. investment performance. It also offers evaluation of GICs and venture capital opportunities. It has 30 retainer clients; and 50 non-retainer clients.

There are nine professional consultants. Fees are paid with hard dollars.

Clients include American Can, Hershey Foods, Smith International and the Savings Bank Retirement System.

The client contact is Ronald Jones.


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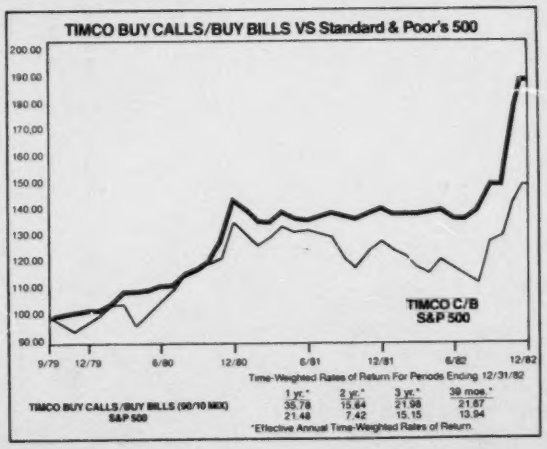


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### Higgins Associates
*24 Federal St., Boston, Mass. 02110; (617) 426-1018*

Higgins Associates provides development of investment policies and objectives, and asset allocation guidance. The firm offers domestic and foreign manager evaluation and selection, as well as domestic and foreign performance measurement and investment analysis.

Other services offered include master trust accounting systems, mutual fund risk evaluation, and risk pool asset/liability programs.

It has special expertise in asset allocation, manager selection, and trust and insurance accounting.

The firm has 10 retainer and 24 non-retainer clients.

There are five professional consultants. Fees are paid with hard dollars.

The firm offers investment management services through mutual funds.

Clients include Western Union and Scovill. The client contact is Edwin M. Higgins.

### B.G. Hitchens Capital Management
*1176 W. Georgia St., Georgia Place, Suite #1430, Vancouver, B.C. V6E 4A2, Canada; (604) 669-5588*

B.G. Hitchens Capital offers Canadian, U.S., and foreign manager evaluation and selection. It also provides development of investment policies and objectives, and asset allocation guidance. The firm offers Canadian, U.S. and foreign investment performance measurement and analysis.

Other services provided by the firm include policy compliance and pension committee membership.

B.G. Hitchens publishes COMSTAT, a series of measurement systems. Its Canadian base offers five performance measurement systems.

The firm has 47 retainer and 95 non-retainer clients.

There are three professional consultants. Fees are paid with hard and soft dollars.

Clients include McIntyre, N.M. Rothschild, National Trust, Manufacturer's Life, Alberta Treasury and the AFL-CIO-CLS.

Barry G. Hitchens, president, is the client contact.

### E.F. Hutton Consulting Group
*141 W. Jackson Blvd., Chicago, Ill. 60604; (312) 435-3075*

E.F. Hutton Consulting Group helps in setting investment policies and objectives, and offers asset allocation guidance. The firm offers domestic and foreign manager evaluation and selection, U.S. performance measurement and analysis of U.S. investment performance.

The firm has special expertise in investment manager consulting for smaller pools of assets ($10 million and under).

The firm has over 100 retainer clients. Non-retainer clients total over 300.

There are 18 professional consultants. Fees are paid with hard and soft dollars.

The firm offers investment management services through Hutton Asset Management, Hutton Investment Management and Hutton Capital Management. It also offers trust services through its wholly owned E.F. Hutton Trust Co.

Clients include Arizona Retirement System, Arkansas Teachers Retirement System and Dana Corp.

The client contact is John Ellis.

## i

### INDATA
*300 Peachtree Street, Suite 10-G, Atlanta, Ga. 30308; (404) 523-8500*

INDATA provides specialized investment analysis to money managers and plan sponsors.

Performance analysis and comparisons are delivered weekly for portfolios in stocks, bonds and other assets. Those reports also provide diagnosis in portfolio fundamental structure, industry selection, stock selection and timing. The firm has over $100 billion in its portfolio evaluation system divided into nine universes against which a portfolio can be ranked.

Manager evaluation and selection can be judged through the INDATA reports.

Other services offered include weekly tailor-made research systems which enable the client to input variables such as earnings estimates, risk definitions and other factors. Answers to evaluation models are then delivered.

The firm has over 500 clients on retainer.

There are six professional consultants. Fees are paid mostly with soft dollars.

The client contact is William P. Kennedy, partner.

### Ingalls & Snyder
*61 Broadway, New York, N.Y. 10006; (212) 269-7800*

Ingalls & Snyder offers manager evaluation and aids in setting investment objectives. It also provides performance analysis and diagnosis.

The firm has special expertise in the design of software systems for investment management. It also provides quantitative analysis of equity portfolio structures, comparative manager monitoring, quarterly investment-characteristic analysis of market sectors, and historical graphic presentations of client-selected stock groupings.

It has 50 clients on retainer.

There are two professional consultants. Fees are paid mostly with soft dollars.

The client contacts are David J. Hatch and C. Nicholas Spofford.

### InterSec Research Corp.
*48 Signal Rd., Stamford, Conn. C[illegible]02; (203) 348-7101*

InterSec Research, an international investment specialist, provides development of investment policies and objectives, and asset allocation guidance. It provides foreign manager evaluation and selection, as well as foreign investment performance measurement and analysis.

Other services offered include a comparative analysis of the rules and practices of pension asset management in all the major countries of the world for multinational corporations. For international financial institutions, the firm offers research and consultation regarding the global pension market and strategic opportunities within it.

InterSec specializes in international investing and overseas pension systems, focusing exclusively on the international diversification of pension assets.

The firm has 51 clients on retainer. Non-retainer clients in 1982 numbered 20.

The firm has eight professional consultants. Fees are paid with hard and soft dollars.

The client contact is Chris Nowakowski, president.

## j

### J&H Equity Corp.
*95 Wall St., New York, N.Y. 10005; (212) 701-7500*

J&H Equity is a subsidiary of Johnson & Higgins, a risk management, actuarial and employee benefit plan consulting firm.

The firm offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides performance measurement of U.S. stocks and bonds, and performance analysis and diagnosis.

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GICs, and can also provide employee stock ownership plan feasibility studies.

It also provides employee benefit plan designs, consulting and actuarial services, pension cost forecasting and immunization studies.

The firm has 20 retainer and six non-retainer clients.

There are six professional consultants. Fees are paid mostly with hard dollars.

Clients include BP North America, American Honda Motor, Chubb Corp. and Puerto Rico Telephone.

The client contact is Edward C. Katz, president.

## k

### Ronald A. Karp Associates

*47 Maple Street, Summit, N.J. 07901; (201) 522-1414*

Ronald A. Karp Associates offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides performance measurement of U.S. stocks, bonds, international securities, and real estate, and performance analysis and diagnosis.

Karp Associates has special expertise in international markets, real estate and GICs. It offers research and analytical studies on the rationale for international, real estate, and GIC investments.

The firm has 12 clients on retainer. Non-retainer clients number 15.

There are three professional consultants. Fees are paid mostly with hard dollars.

Clients include Brockway Glass, Insilco Corp., the Pennsylvania State Employees and the Kaiser Permanent Medical Group. The client contact is Ronald A. Karp.

### Neil B. Kauffman, Registered Investment Adviser

*1900 Market Street, Suite 700, Philadelphia, Pa. 19103; (215) 568-1908*

The firm provides development of investment policies and objectives, and asset allocation guidance.

It offers foreign and domestic manager evaluation and selection, and foreign and domestic performance measurement and analysis.

The firm's focus is on small- and medium-size companies, and not-for-profit companies.

Fees are paid with hard dollars.

The client contact is Neil B. Kauffman.

### Thomas D. Kienlen Corp.

*975 Oak St., Suite 625, Eugene, Ore. 97401; (503) 686-2744*

Thomas D. Kienlen Corp. offers manager evaluation and selection, asset allocation guidance and investment objective setting. It also provides performance measurement for U.S. stocks and bonds, and performance analysis and diagnosis.

The firm has special expertise in financial planning for both individuals and businesses. It also offers a market timing service.

The firm has 400 non-retainer clients. There are two professional consultants. Fees are paid mostly with hard dollars.

The client contact is Thomas D. Kienlen, president, or Jon F. Larson, certified financial planner.

## l

### Kenneth Leventhal & Co.

*2049 Century Park East, Los Angeles, Calif. 90067; (213) 277-0880*

Kenneth Leventhal & Co. provides development of investment policies and objectives, and asset allocation guidance.

The firm offers domestic and foreign manager evaluation and selection, as well as domestic and foreign performance measurement and analysis. Its expertise is in real estate investments. The firm publishes Strategic Real Estate, a monthly newsletter on real estate investment issues.

The firm has more than 1,000 retainer clients; non-retainer clients number more than 1,000.

There are more than 100 consultants. Fees are paid primarily with hard dollars.

Stephen E. Roulac, chairman, National Management Advisory Services, is the client contact.

### Lewis, Bailey Associates Inc. (Cambridge Associates)

*600 New Hampshire Ave. N.W., Washington, D.C. 20037; (202) 298-3400*

Lewis Bailey offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It provides performance measurement of U.S. stocks, bonds, real estate and international investments. Lewis Bailey also offers performance analysis and diagnosis.

The firm has special expertise in real estate, international investments, venture capital, oil and gas, GICs, options, commodities and timberland custody.

The Cambridge Associates' arm of the firm is situated in Boston and specializes in working with endowments and other non-profit institutions. Lewis, Bailey specializes in working with pension funds.

Fees are paid mostly with hard dollars.

Clients are not disclosed; however, the firm says it is a consultant for a large number of university endowments.

The client contacts are Hunter Lewis, managing director, in Washington, and David Thurston, senior vice president, in Boston at (617) 482-8540.

### Lipper Consulting Services

*5 Carol Rd., Westfield, N.J. 07090; (201) 233-8100*

Lipper provides development of investment policies and objectives, and asset allocation guidance. The firm offers U.S. manager evaluation and selection, and provides performance measurement and analysis of U.S. and foreign investments.

The firm has special expertise in open and closed-end investment companies. It provides continuing analysis of performance, portfolios and other relevant factors for over 1,000 funds.

Lipper consulting has five investment clients on retainer. Non-retainer clients number 10.

There are three professional consultants. Fees for consulting and advisory services are paid mostly with hard dollars, and fees for publication are paid mostly with soft dollars.

An affiliate, Lipper Analytical Services, manages tax-exempt assets.

Clients include the World Bank Pension Plan, Texas Gulf, the American Stock Exchange, and the Securities Industry Association.

The client contact is A. Michael Lipper, president.

## m

### Mann, Levine & Weiss Ltd.

*9933 North Lawler, Skokie, Ill. 60077; (312) 673-1960*

Mann, Levine & Weiss offers manager evaluation and selection, asset allocation guidance, investment objective setting and performance analysis and diagnosis.

The firm provides "cradle to grave" services to pension funds including plan design and administration. It also offers pre-retirement seminars to corporate employees who reach age 55.

The firm currently has 310 retainer


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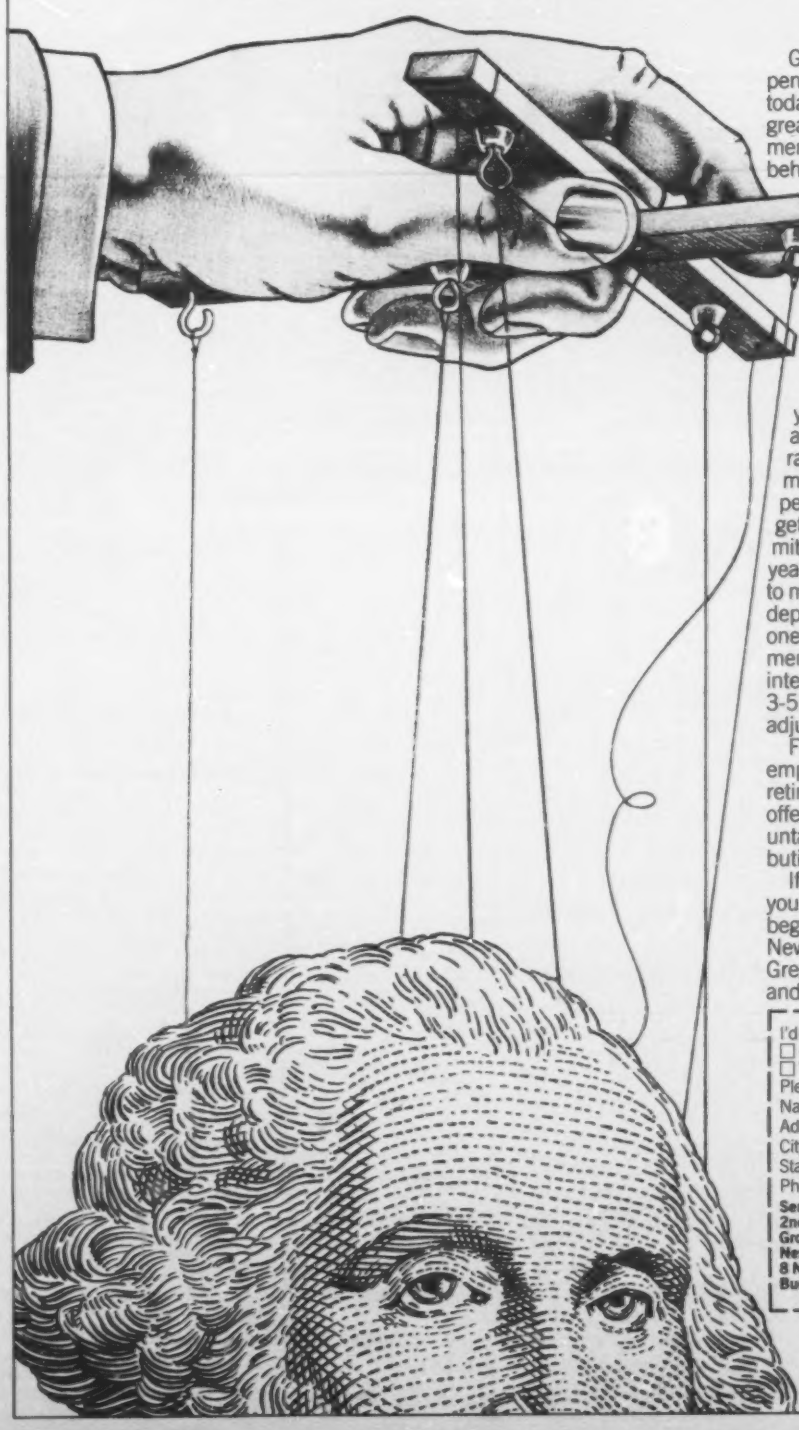

Getting a greater return on your pension, profit-sharing or thrift plan today is really a matter of taking greater control of your plan's investments. And that's the whole idea behind New England Life's new guaranteed investment group annuity contract – Continuing Deposit GIC.

It not only "locks in" competitive rates of return, but actually lets you control how often you invest, how long you invest and even when you invest.

With Continuing Deposit GIC, your rate of return is guaranteed, and because we quote interest rates on a daily basis, your investment always gets the most competitive rates available. You also get exceptional flexibility in committing your assets. There's a one-year commitment with no obligation to make further deposits. You can deposit a minimum of $100,000 in one lump sum or spread your payments over the year. And while interest rate guarantees are usually 3-5 years, even this period can be adjusted to meet your needs.

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clients. It had 26 non-retainer clients.

The firm has three professional consultants. Fees are paid with hard dollars.

The client contact is Jerome Mann, president.

### James P. Marshall Inc.

*10 King St. E., 10th Floor, Toronto, Ontario M5C 1C3, Canada; (416) 361-0225*

James P. Marshall Inc. provides investment policies and objective setting, and guides in determining the appropriate asset allocation for Canadian funds. It aids in U.S. and foreign manager evaluation and selection. It also provides U.S. performance measurement and analysis.

Other services include master trustee selection and surveys that evaluate real estate.

The firm has special expertise in investment policies, manager evaluation and selection, and establishing internal pension fund management departments.

The firm has 17 retainer clients and 10 clients for whom it provides an annual service.

There are five professional consultants. Fees are paid with hard dollars.

Clients include C.S.L., Zeller's, Coca-Cola, Otis Elevator and Saskatchewan Health-Care.

The client contact is M. Ann Marshall.

### Meidinger Asset Planning Services Inc.

*2600 Meidinger Tower, Louisville Galleria, Louisville, Ky. 40202; (502) 561-4500*

Meidinger Asset Planning offers domestic and foreign manager evaluation and selection, and performance measurement and analysis for domestic and foreign investments.

The firm also assists in setting investment policies and objectives, and offers asset allocation guidance.

Other services include insurance contract placement and negotiation, master trustee selection and real estate manager evaluation.

It has special expertise in pension asset and liability simulation and management, manager selection, and combined actuarial and investment annual evaluation.

The firm has 100 retainer clients. Non-retainer clients number 350.

There are 17 professional consultants. Fees are paid with soft dollars.

Clients include the District of Columbia, Ernst & Whinney, the Major League Baseball Players Assoc., Federal Express, New England Electric and Cincinnati Bell.

The client contact is David Eager.

### James Meketa Associates

*1029 Beacon St., Newtown Center, Mass. 02159; (617) 786-6168*

James Meketa Associates provides development of investment policies and objectives, and offers asset allocation guidance. It also provides U.S. performance measurement and analysis.

It has special expertise in structuring multimanager approaches for endowment, Taft-Hartley and ERISA plans.

Retainer clients with the firm number 20. Non-retainer clients number 15.

The firm has six professional consultants. Fees are paid with hard dollars.

The client contact is Alan D. Spatrick.

### William M. Mercer Inc.

*1211 Avenue of the Americas, New York, N.Y. 10036; (212) 997-7162*

William M. Mercer is a subsidiary of Marsh & McLennan Companies, a financial services company. The parent has two money management subsidiaries.

Mercer offers U.S. manager evaluation and selection, asset allocation guidance, and assists in setting investment policies and objectives. It also provides performance measurement and analysis of U.S. investments.

Other services offered by the firm include consulting on all aspects of plan design, funding, communication and administration.

The firm has special expertise in international investments and GICs.

It has an extensive network of offices in major financial centers.

Non-retainer clients number 210.

There are 30 professional consultants. Fees are paid only with hard dollars.

The client contact is Andrew Shewan, principal.

### Minot, DeBlois & Maddison

*294 Washington St., Boston, Mass. 02108; (617) 542-5910*

Minot, DeBlois & Maddison offers management, evaluation, selection and appraisal of real estate assets.

It has special expertise in real property asset management for institutions.

The firm has 12 retainer clients. Fees are paid with hard dollars.

The client contact is Richard E. Bonz, president.

## O

### Orben Associates Inc.

*40 Wall Street, New York, N.Y. 10005; (212) 269-9191*

Orben Associates offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides performance measurement of U.S. stocks and bonds, and performance analysis and diagnosis.

Orben Associates has special expertise in venture capital and oil and gas.

The firm has seven retainer clients. Non-retainer clients number eight.

There are two professional consultants. Fees are paid with hard dollars.

Clients include General Computer, Interfaces, Estate Management Co. and Quaser Industries.

The client contact is Jack R. Orben.

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## P

### Peat, Marwick, Mitchell & Co. Investment Supervision Group

*345 Park Ave., New York, N.Y. 10154; (212) 872-5949*

Peat Marwick provides development of investment policies and objectives, and asset allocation guidance.

The firm offers domestic and foreign manager evaluation and selection, and domestic and foreign investment performance measurement and analysis.

Other services include master trust evaluation, GIC and option evaluation, and investment programs for captive insurance companies.

It has special expertise in investment strategy and policy for Blue Cross/Blue Shield plans as well as employee benefit plans.

Retainer clients number 20. Non-retainer clients in 1982 numbered 30.

There are eight professional consultants. Fees are paid with hard dollars.

Clients include Owens-Corning Fiberglass, Telect Insurance, Blue Cross/Blue Shield of Virginia and Ogilvy & Mather.

The client contacts are Brian Rom and Jeanne Gustafson, managers.

### Pension Finance Associates Ltd.

*Suite 385, 146 Front St., Toronto, Ontario M5J 2L7, Canada; (416) 598-2231*

Pension Finance provides development of investment policies and objectives, and offers asset allocation guidance. The firm offers Canadian and foreign manager evaluation and selection, and performance measurement and analysis for Canadian and foreign investments.

It will also take an on-going advisory role, provide supervision of investment programs, and aid in determining the role of the pension fund committee. Other services include setting funding policy, providing investment research and performing special projects.

It has special expertise in asset mix policy and in manager research.

The firm has 12 retainer clients. Non-retainer clients number 45.

There are 16 professional consultants. Fees are paid with hard dollars.

The client contacts are Bob Mitchell and J.J. Woolverton.

### Pension Profiles

*Snug Harbor, Duxbury, Mass. 02332; (617) 934-5500*

Pension profiles is a statistical service providing quarterly portfolio performance review of reported earnings and payout of each holding as well as overall total return.

It also serves as outside trustee and consultant for investment policy, asset allocation, and manager selection oversight.

Services are available by retainer or particular task.

Fees are paid with hard dollars only.

The client contact is Daniel H. Sangster, principal.

### Pension Realty Advisors Inc.

*220 Montgomery, San Francisco, Calif. 54104; (415) 421-4000*

Pension Realty assists in setting investment policies and objectives, and offers asset allocation guidance. It also offers U.S. manager evaluation and selection and U.S. performance measurement.

It has special expertise in real estate.

The firm has two retainer clients.

There are four professional consultants. Fees are paid with hard dollars.

Clients include the State of California Public Employees Retirement System and the City of San Jose Federated Employees Retirement System.

The client contact is William L. Ramseyer.

### Performance Assessment Ltd.

*Empire House, St. Martin's-le-Grand, London, EC1A 4ED, England; 01-600- 8105*

Performance Assessment, a subsidiary of Bacon & Woodrow, provides development of investment policies and objectives.

It also provides performance measurement and analysis of foreign investments.

It has special expertise in performance measurement and analysis of foreign investments. It uses daily transactions to determine exact attribution of results for currencies, markets, stock selection, timing, and asset allocation. Such reports are customized.

There are five professional consultants. Fees are paid with hard and soft dollars.

The client contact is Gordon Morrison.

### Prudential Bache Securities

*100 Gold St., New York, N.Y. 10038; (212) 791-7571*

Prudential Bache Securities, a subsidiary of the Prudential Insurance Co. of America, aids in setting investment policies and objectives, and provides asset allocation guidance.

The firm offers U.S. manager evaluation and selection, and performance measurement and analysis for domestic investments.

It specializes in working with the second tier of the Fortune 1,000 companies, public- and Taft-Hartley funds.

The firm has over 200 retainer clients. Non-retainer clients number 18.

There are three professional consultants. Fees are paid with hard and soft dollars.

Clients include A&P, the Chamber of Commerce of the United States, Hexcel Corp., city of San Jose, and the city of Miami.

The client contact is James C. Garrels, vice president.

## Q

### Quantec Ltd.

*30 East 10th St., New York, N.Y. 10003; (212) 777-3173*

Quantec provides development of investment policies and objectives, and asset allocation guidance. The firm also offers U.S. and foreign investment performance analysis and international portfolio risk analysis.

Quantec has special expertise in quantitative investment technology and international investment management systems.

It has six retainer clients and six non-retainer clients.

There are three professional consultants. Fees are paid with soft dollars.

Clients include Morgan Guaranty, Prudential, Citibank and Bankers Trust.

The client contact is Jason MacQueen.

### Quan-Vest Consultants Inc.

*126 Mill Spring Road, Manhasset, N.Y. 11030; (516) 365-4619*

Quan-Vest provides development of investment policies and objectives, and asset allocation guidance. It also provides GIC evaluation, U.S. manager evaluation and selection, and U.S. investment performance measurement and analysis.

It specializes in long range planning, computer-aided decision analysis and financial institution management consulting.

It has nine retainer clients. Non-re-


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The keys to our consistently superior performance have always been flexible strategies, and the close personal attention of talented professionals motivated by an equity participation.

To learn more, call or write Robert C. Elliott, Executive Vice President, Bessemer Trust Company, N.A., 630 Fifth Avenue, New York, NY 10111, (212) 708-9141.

Bessemer Trust

*Affiliated with Bessemer Trust Company, New Jersey and Bessemer Trust Company of Florida*

tainer clients numbered 10.

There are three professional consultants. Fees are paid with hard and soft dollars.

Clients include Uniformed Fire Officers, the National Maritime Union and the Textile Workers Union.

The client contact is Anthony F. Lotruglio.

# r

### Realty Research Inc.

*18000 Pacific Highway, Suite 1115, Seattle, Wash. 98188; (206) 244-0080*

Realty Research specializes in real estate consulting. The firm offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides performance measurement for U.S. stocks, bonds and real estate, and performance analysis and diagnosis.

Realty Research says it has special expertise in all forms of real estate investing, limitied partnerships, pooled funds, REITS, specific properties debt and debt/equity mix.

The firm has 21 retainer clients. Non-retainer clients number 20.

There are six professional consultants. Fees are paid equally with soft and hard dollars.

An affiliate, Comstock Realty manages tax-exempt assets.

Clients include Environmental Research Development and Keywest Corp.

The client contact is John Kennedy.

### Daniel Reeves & Co. Inc.

*12233 West Olympic Blvd., Suite 160, Los Angeles, Calif. 90064; (213) 820-6611*

Daniel Reeves & Co. provides guidance in setting investment policies and objectives, and appropriate asset allocation. It offers U.S. manager evaluation and selection, and performance measurement.

Also, the firm offers assistance in alternative investments such as real estate and Government National Mortgage Association management.

It has special expertise in investment packages designed for 401(k) plans, selecting corporate trustees and/or master trustees, and manager selection and screening.

Retainer clients number 18. Non-retainer clients number 35.

There are four professional consultants. Fees are paid with hard and soft dollars.

The firm offers investment management services through Bostian Research Associates Inc.

Clients include Southern California Rapid Transit, Sacramento Regional Transit, Del E. Webb Foundation, Kaiser Steel and GTI Corp.

The client contact is Thomas C. Jones.

### Rogers, Casey & Barksdale

*29 Federal Street, Stamford, Conn. 06901; (203) 356-9400*

Rogers, Casey and Barksdale provides development of investment policies and objectives, and asset allocation guidance. It also offers U.S. and foreign manager evaluation and selection, and performance measurement and analysis for domestic and foreign investments, as well as computerized diagnostics of multiple manager investment structures.

It has special expertise in real estate, international investing, and in less well-known foreign and domestic equity managers.

RCB assists in the supervision of special investment programs not generally available from traditional management resources.

Retainer clients with the firm number 28.

There are six professional consultants. Fees are paid with hard dollars.

The client contact is Ed Barksdale.

### Frank Russell Co.

*P.O. Box 1616, Tacoma, Wash. 98401; (206) 591-3471*

Frank Russell Co. offers manager evaluation and selection, asset allocation guidance and investment objective setting. It also provides performance measurement in the areas of U.S. stocks, bonds, real estate and international. Performance analysis is also provided.

It has special expertise in real estate and international investments. The firm also offers advice on investment strategy planning; and research and recommendation of money management organizations in various disciplines, including equities, fixed-income, real estate, international and other alternatives. It will also monitor and report on all aspects of the investment process, both domestically and internationally.

Frank Russell has 29 international clients on retainer. Domestic retainer clients are limited to 40.

The firm has 60 professional consultants. Fees are paid with hard and soft dollars.

Two subsidiaries, Frank Russell Investment Management Co., and Frank Russell Trust Co., manage tax-exempt assets. Clients include IBM, Bendix and Weyerhaeuser.

The client contact is Brian F. Barker, director of communications.

# S

### Segal Advisors Inc.

*730 Fifth Ave., New York, N.Y. 10019; (212) 586-5600*

Segal Advisors provides development of investment policies and objectives, and asset allocation guidance. It offers U.S. manager evaluation and selection, and performance measurement and analysis for U.S. investments.

It also offers evaluation and negotiation of insurance company contracts for retirement plans.

It has special expertise in helping clients establish investment programs for individual account retirement plans, and in the analysis and evaluation of insurance company contracts, and real estate investment vehicles.

The firm has 25 retainer clients. There are three professional consultants. Fees are paid with hard dollars.

The firm also has the resources of the parent company, Martin E. Segal Co., available to it.

Clients include Ames Department Stores, Suburban Propane Gas Company, AFTRA Pension Fund, Sheet Metal Workers National Pension Fund and the Wyoming Retirement System.

The client contact is Martin Levenson, senior vice president.

### Stolper and Co. Inc.

*770 'B' St., Suite 420, San Diego, Calif. 92101; (619) 231-9102*

Stolper and Co. provides development of investment policies and objectives, and asset allocation guidance. The firm offers U.S. manager evaluation and selection, and performance measurement and analysis for U.S. investments.

It specializes in manager evaluation and selection for funds with $1 million to $10 million in assets.

It has 260 retainer clients. There are two professional consultants. Fees are paid with hard and soft dollars. The client contact is Michael Stolper.

# W

### Wilshire Associates

*1299 Ocean Ave., Santa Monica, Calif. 90401; (213) 451-3051*

Wilshire Associates offers manager evaluation and selection, asset allocation guidance and assists in setting investment objectives. It also provides performance measurement for U.S. stocks, bonds, real estate and international investments, and performance analysis and diagnosis.

Wilshire Associates has special expertise in real estate, international investing, and issues related to public funds. It assists its clients in the evaluation and selection of managers within these asset categories.

The firm also provides pension asset and liability simulation; manager structure determination; identification of the impact of passive investment strategies; on-line manager monitoring and performance measurement; and endowment and foundation consultations.

The firm has 40 sponsor organizations on retainer. Non-retainer clients number five.

The firm has 11 professional consultants. Fees are paid equally with hard and soft dollars.

Clients include the state of California, Texaco Inc. and MCA Inc.

The client contact is Lawrence E. Davanzo, vice president.

### Winklevoss & Associates Inc.

*3700 Market St., Suite 300, Philadelphia, Pa. 19104; (215) 387-1052*

Winklevoss & Associates offers asset allocation guidance, but does not provide manager evaluation or selection, or performance measurement.

The firm has special expertise in GICs and bond dedication. The firm's pension model analyzes the impact of bond dedication on long-term pension costs.

It also offers a complete asset and liability planning study for pension funds, which includes analysis of actuarial assumptions and cost methods, plus forecasts of future costs and funded status.

It has two investment clients on retainer. Non-retainer clients number 11.

There are 12 professional consultants. Fees are paid with hard or soft dollars.

Clients include Sears, IBM, Arco, General Motors and Transamerica.

The client contact is Thomas N. Pappas, vice president-marketing and sales.

### Wood, Mackenzie & Co. Inc.

*280 Park Ave., New York, N.Y. 10017; (212) 883-1900*

Wood Mackenzie provides performance evaluation and consulting, including analysis and diagnosis. It also provides accounting and analytical reporting services to meet all the information needs of pension funds, and publishes a monthly review of international market performance.

The firm, a subsidiary of Wood, Mackenzie & Co., a U.K.-based international stockbrokerage and consulting firm, has special expertise in international multicurrency portfolios.

Non-retainer clients number 220 worldwide. There are 18 professional consultants. Fees are paid with hard and soft dollars. The client contact is John M. Gillies.

# Median stock adviser reported 11.6% return

WESTPORT, Conn. — The median equity manager had a total return of 11.6% during the second quarter of 1983, according to Evaluation Associates Inc.

For the same time frame, balanced managers had a median total return of 7.5% and bond managers scored 1.4%.

The Standard and Poor's 500 stock index gained 11.1% for the first quarter and 22.2% for the first six months. Meanwhile the Salomon Brothers long-term high grade corporate bond index made 1.3% for the second quarter and 5.1% for the first six months.

The results are an average of the total time-weighted return and are based on discretionary employee benefit accounts.

For the second quarter the top equity performer was up 29.2%. The top balanced portfolio was up 13.4% and the top bond manager was up 3.6%. ■

We are pleased to announce that

**William M. Morris**, CFA, CEBS

has joined our firm as Managing Director.

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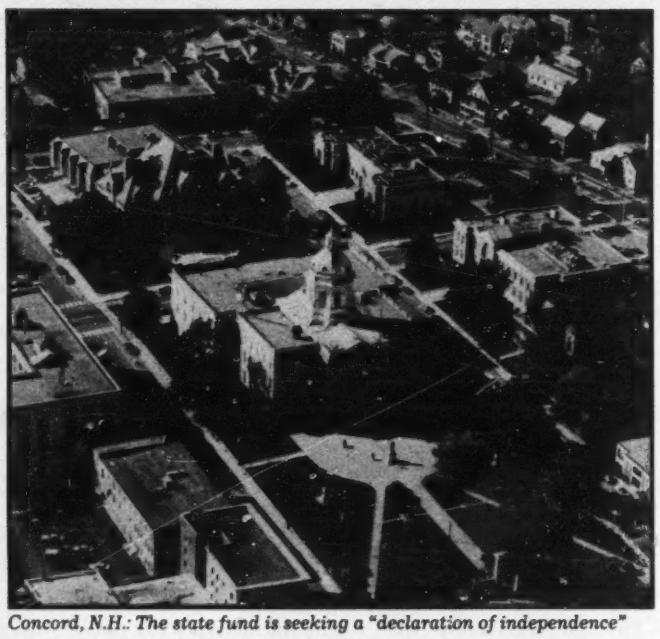

*Concord, N.H.: The state fund is seeking a "declaration of independence"*

# Fund challenges council's power

**By Kimberly Blanton**

CONCORD, N.H. — The New Hampshire Retirement System is seeking affirmation of its independence from the state government.

The fund has asked a state court to overrule the state Executive Council's request that the fund get council approval for most contracts with investment advisers, consultants and actuaries.

Fund officials argue this would limit the "latitude" the trustees need to carry out their fiduciary responsibility. The fund's petition to the court amounts to a suit against the governor and the council.

The court's decision may have broad implications. Retirement system officials believe that if the fund does not challenge the council, it would be an opening for the state to influence future investments of the $530 million state pension fund.

Nationwide, public pension funds are often under pressure from elected officials to make investments to suit political interests.

On Aug. 5, the New Hampshire

*Continued on page 66*

## *Convertible preferreds*

# LTV makes its second non-cash contribution

**By Nancy Webman**

DALLAS — The LTV Corp. made its second non-cash contribution to its pension funds, this time contributing 2 million cumulative, convertible preferred shares with a stated value of $50 million.

The stock, which pays a 12.24% dividend, constitutes about 25% of the company's 1982 contribution to its pension funds, which have total assets of $1.1 billion.

Last November, LTV put about $25 million in sinking fund debentures into the funds (*Pensions & Investment Age*, Dec. 20). Together, the stock and bond contributions amount to 37.5% of the company's 1982 contribution, which an LTV official estimated at about $200 million.

Like the bonds, the preferred shares given to the pension funds are piggybacked onto a public offering. Four million shares are being offered at $25 per share, with net proceeds of about $95.5 million to be used for general operations such as capital expenditures, working capital requirements and business acquisitions.

Lehman Bros. Kuhn Loeb Inc. and Merrill Lynch Capital Markets are the underwriters.

The announcement of the stock contribution was made almost a month after LTV announced the public offering.

"It was always a probability (that the stock contribution would be made). As we worked through the underwriting, we decided to increase the offering," the LTV official said. He said he considers the stock to be "a damn good investment to have right now. I don't have any problem with it."

Some analysts agree with that opinion. One predicted LTV's earnings multiple likely will increase 50% to 100% by 1985. In an attempt to become more profitable, LTV recently has shed itself of Wilson Foods, which later filed for reorganization under Chapter 11 of the bankruptcy code, and Lykes Bros. Steamship Co., an ocean shipping company.

> LTV *"As we worked through the underwriting, we decided to increase the offering."*

One of LTV's investment managers was given discretionary authority over the 2 million shares, subject to some temporary restrictions. The official would not name the manager.

The restrictions, agreed upon by the manager, the underwriters and the company, are similar to those imposed by other sponsors who have contributed stock to their pension funds. They seem to be designed to strike a balance between maintaining an orderly market (by not flooding the market with a huge block of company stock while another large block is being publicly sold) and meeting fiduciary obligations.

According to the prospectus, the manager may not sell the 2 million shares for 90 days after the date of the prospectus (Aug. 5) unless the stock trades at $1.50 above the public offering price on two consecutive days or unless the manager believes it would be a breach of his fiduciary duties not to sell the stock. If the manager exercises the escape clause, the underwriters have first refusal rights.

If history repeats itself, the LTV shares in the pension fund's portfolio will be actively traded. Scudder, Stevens & Clark, which managed the LTV bonds for the pension fund, sold them at a profit about a month after receiving them.

This is the first company stock to be part of the pension fund's portfolio, the LTV official said. The contribution represents about 2.5% of total pension assets, well below the maximum of 10% imposed by

*Continued on page 63*

## Late news

### Stock contribution

CLEVELAND — Midland-Ross Corp. will contribute about 60% of its $12.1 million pension contribution in new company stock, according to assistant treasurer Robert A. Jensen. He said that it will be a "very good investment" for the plan and will also help the company conserve cash.

The total amount of stock contributed to the $100 million Midland-Ross Corp Collective Investment Trust hinges on its price on the date of contribution, which will be by Sept. 15. The stock was described in a preliminary shelf registration statement, which will enable the trust to sell the shares at will during the next two years.

*Continued on page 2*

# Changes under way for 501(c)9 trusts

## *IRS investment rule point of contention*

**By Nancy Webman**

DALLAS — The Internal Revenue Service and some plan sponsors are at odds over an IRS requirement that keeps separate the administration and investment of pension assets from those in 501(c)9 trusts for medical and life insurance benefits.

Only a few sponsors now fund such benefits. However, many more are expected to do so if the Financial Accounting Standards Board enacts a proposal requiring employers to expense health and life insurance benefits on the balance sheet.

Those pushing for change include officials of some of the largest pools of employee benefit assets in the country.

These administrators (all of whom asked that their names, and those of their companies, not be used) contend the IRS' position is costly and irrational.

One sponsor estimated the prohibition against commingling assets for administrative and investment purposes costs a company between 0.2% of the plan's assets to as much as 0.75% of assets, depending on how actively managed the 501(c)9 portfolio is.

For an $800 million plan sponsored by a large Northeastern firm with several billion dollars in pension assets as well, that works out to cost the 501(c)9 trust about $6 million.

Ironically, noted one benefits plan administrator, the IRS' stance also is proving costly to the IRS.

*Continued on page 63*

## *Problems seen with FASB proposal*

DALLAS — Massive problems are predicted if corporations are required to expense on their balance sheets the cost of post-retirement life and health benefits.

Such a requirement might come to pass if preliminary views of the Financial Accounting Standards Board are adopted. The FASB proposes to treat pension and other post-retirement benefits similarly, requiring companies to account for the costs during the active careers of their employees.

Now, most corporations have pay-as-you-go plans for these health and life insurance benefits. A survey by the consulting firm of William M. Mercer Inc., for example, showed 98% of employers providing post-retirement benefits do not pre-fund any part of the cost of post-retirement group medical.

Although the FASB proposal does not require that these benefits be funded (as pension benefits are required to be), consultants predict many companies will fund the plans under a 501(c)9 trust if they are required to show the liabilities on their balance sheets.

The annual cost of funding 501(c)9s could be staggering. Estimates range from 45% of the cost of funding a pension plan (according to Kwasha Lipton, consulting actuaries) to "close to or even greater than the pension liability," according to Richard L. Kelley, managing consultant for Mercer in Minneapolis.

Not surprisingly, corporations have not been quick to warm to the FASB idea.

"What they're doing now almost unanimously is fighting it," said John Hickey, partner in Kwasha Lipton in Fort Lee, N.J.

One "logical argument against it" is that employers have no legal requirement to continue to offer post-retirement life and health plans as they have with pension plans, Mr.

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### Southwestern Bell, U S West

# Two Bell regions allocated banks, advisers from trust

By Kimberly Blanton

ST. LOUIS — American Telephone & Telegraph Co. has assigned five of its bank managers to Southwestern Bell Corp. and 13 of its investment managers to U S West.

These initial assignments are part of AT&T's plan to divide its multitude of managers among the seven regional telephone companies it will divest on Jan. 1, 1984.

U S West and Southwestern Bell are two of the four Bell operating companies that chose to take a portion of their plan assets immediately.

According to Roger W. Wohlert, Southwestern Bell's assistant treasurer, five banks currently managing assets for the Bell System Trust will revert to that region's fund: Mercantile Trust Co., St. Louis; Boatmen's National Bank of St. Louis; RepublicBank Dallas; First City National Bank of Houston; and Texas Commerce Bank, Houston.

To prepare for its share of the $45 billion Bell system's pension fund assets, Southwestern Bell also selected RepublicBank Dallas as its master trustee, Mr. Wohlert said.

AT&T has given U S West a list of 13 managers it plans to return to the plan Jan. 1, according to James Biundo, director of trust investments. Mr. Biundo cautioned, however, the list could change when AT&T refines its calculations of where the money is and how it will be divided.

The 13 are Chase Investors Management Corp., New York; Clarens Associates, New York; David J. Greene & Co., New York; Jennison Associates Capital Corp., New York; United Capital Management, Denver; Capital Guardian Trust Co., Los Angeles; Dean Witter Reynolds Intercapital, New York; T. Rowe Price Associates, Baltimore; First Manhattan Co., New York; Fayez Sarofim & Co., Houston; Seattle First National Bank; First National Bank of Minneapolis; and First Interstate Bank of Oregon, Portland.

*Continued on page 68*

# Sunshine stands steadfast as BAIMCO returns brighten

By Steve Hemmerick

NEW YORK — Sunshine Biscuit Co.'s employee benefit investment committee stood by Bank of America Investment Management Co. two years ago when other plan sponsors were dropping out.

Now that steadfastness has paid off.

Sunshine has $30 million of its $70 million employee benefit money in BAIMCO's active asset allocation account. That account finished in the top 10% of the Becker balanced-fund universe for the two years ending June 30, with a 25.2% compound annual rate of return.

"We think the world of BAIMCO," said an appreciative John Gauvreau, chairman of Sunshine's portfolio review committee.

That expression of appreciation couldn't have come at a better time for Bob Wade, BAIMCO's chief investment officer who has put in just more than two years with the bank investment subsidiary after leaving Crocker Investment Management Co.

About two years ago, BAIMCO had hit a low point. When its employee benefit fund numbers would come out it was a "disaster story in bad results and we would lose another client. We were underperforming a lot of managers," said one company executive.

Although BAIMCO had little to brag about in equities, its fixed-income performance was above the median for the year ending Sept. 30, 1982, and its small-capitalization fund had done well.

To stop what was then referred to as "bleeding" of clients, Mr. Wade directed much of BAIMCO's marketing power behind its then fledgling asset allocation service. What he actually was trying to do was bring back balanced management, which some plan sponsors said had simply "gone out of style."

Mr. Wade retorted that, "There

*Continued on page 69*

# Financial eye calm amid Houston storm

By Nancy Webman

HOUSTON — As Hurricane Alicia rampaged across the Texas coast, leaving behind $1.2 billion in damage, money managers tried to inject a modicum of normalcy into an otherwise bizarre workday.

A lot of money was at stake; Houston money managers had about $22 billion under management as of Jan. 1, according to *Pensions & Investment Age's* annual manager profile issue.

Those with mutual funds, including Funds Inc. and Investment Advisors Inc., remembered to inform the Securities

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## Late news

*Continued from page 1*

### DePaul adds advisers

CHICAGO — The $15 million DePaul University endowment fund, which was managed primarily in-house, has invested in three equity mutual funds and hired a fixed-income manager, said Kenneth McHugh, treasurer.

About 35% of the DePaul fund will be invested by Putnam Fixed Income Advisors, and the rest will be split between the Vanguard Group Inc.'s Explorer Fund, Kemper Financial Services Inc.'s growth-stock fund and the Fidelity Management & Research Co.

### 'Window plan' ruling

NEW YORK — Employers now are required to recognize a liability and expense on their financial statements for the present value of future benefit payments arising under so-called "window plans," or early retirement incentive plans, according to a ruling by the Financial Accounting Standards Board.

The new rule, which can have an effect on a company's earnings while such a plan is in effect, applies to special termination benefits offered after June 30, 1983, according to Buck Consultants Inc.

The rule, called Statement No. 74, also allows sponsors to restate previously issued financial statements, if a firm desires. The amounts to be recognized consist of both lump-sum payments and the present value of any expected future payments that result directly from employee terminations.

### Braniff, PBGC accord

FORT WORTH, Texas — Braniff International Corp. and the Pension Benefit Guaranty Corp. on Aug. 31 reached an out-of-court settlement that Braniff officials say removed the last stumbling block to its reorganization.

Under the agreement, the PBGC will get $1 million cash when the deal between Braniff and the Hyatt Corp. is sealed. The PBGC also will receive warrants for 500,000 shares of stock in the new company, a pro-rata share of about $3.2 million in priority claims that Braniff says it will pay, and 10% of the new Braniff's revenues derived from transporting government employees. Another $75 million in claims will be treated as unsecured and will be paid in stock at an estimated price of 8.4 cents on the dollar.

### Manager goes public

EDINBURGH, Scotland — Ivory & Sime Ltd., the Scottish international investment manager, will become listed on the London Stock Exchange Sept. 5.

It is the third British investment manager to do so. The firm will issue 27 million common shares at 33 cents per share on Sept. 5, a total capitalization of almost $9 million.

David Nichol, a director, explained that the Scottish firm decided to go public to enable Atlantic Assets Trust, a closed-end mutual fund, to liquidate a 29% share block of Ivory & Sime it bought five years ago.

### Partnership formed

BOSTON — John Hancock Mutual Life Insurance Co. has received commitments of more than $100 million for a new limited partnership for venture capital investments. The limited partnership will invest two-thirds of its assets in other venture capital limited partnerships, and the remaining third directly in emerging privately held operating companies.

The initial $100 million, which might go as high as $150 million, offering garnered commitments through a private placement, mostly from pension funds, according to Edward Kane, vice president and director of John Hancock Venture Capital Management Inc.

### Los Angeles returns

LOS ANGELES — The $1.1 billion Los Angeles City Employees' Retirement System earned a 35.5% return on fixed-income assets for the year ending June 30, placing its fixed-income return in the top 7% of Merrill Lynch's performance evaluation universe, according to Earl Anschultz, fund general manager.

The fund has 65.7% of its assets allocated in the fixed-income area; its two fixed-income managers are Chemical Bank and Loomis Sayles & Co. On the equity side for the same period, the fund had a 56.6% return, putting it at the universe's 75th percentile.

### Principal appointed

CHICAGO — Susan H. Achenbach has been elected a principal of Touche Ross & Co. She joined the firm in 1979.

# Trust head appointed by Continental

CHICAGO — Roger H. Sherman is the new head of trust and investment services at Continental Illinois National Bank and Trust Co. of Chicago.

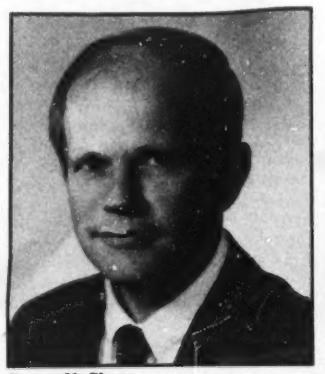
Mr. Sherman has joined the trust department after a long career in the commercial banking division.

In moving to the trust department, Mr. Sherman, a senior vice president, has taken over the position from Edward S. Bottom, executive vice president, who was named a director at Continental.

Mr. Bottom is now in line to assume the management of general banking services when Edward M. Cummings, executive vice president, retires in December.

"I'm very pleased to be here, and very excited about being in the trust department at this particular time" when the financial services industry is in an "evolution," said Mr. Sherman.

He hopes to further integrate the trust department with the bank's other financial services. "And because I have been in corporate banking all my career, I certainly know how that works" and know many of Continental's clients, he said.



*Roger H. Sherman*

Mr. Sherman, who came to Continental in 1957, most recently headed the western U.S. commercial banking services group. He also worked for eight years in Continental's international banking de-

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